

STATE OF SOUTH CAROLINA

In Re: Application of Time Warner Cable  
Information Services (South Carolina) LLC, d/b/a  
Time Warner Cable to Amend its Certificate of  
Public Convenience and Necessity to Provide  
Telephone Services in the Service Area of Fort Mill  
Telephone Company, d/b/a Comporium  
Communications and for Alternative Regulation

BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA

COVER SHEET

DOCKET  
NUMBER: 2008-326-C

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(Please type or print)

Submitted by: Frank R. Ellerbe, III  
Address: Robinson, McFadden & Moore, P.C.  
PO Box 944  
Columbia, SC 29202

SC Bar Number: 1866  
Telephone: (803) 779-8900  
Fax: (803) 252-0724  
Other: \_\_\_\_\_  
Email: fellerbe@robinsonlaw.com

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**DOCKETING INFORMATION** (Check all that apply)

- ☐ Emergency Relief demanded in petition ☐ Request for item to be placed on Commission's Agenda expeditiously
- ☐ Other: TWCIS Testimony

INDUSTRY (Check one)	NATURE OF ACTION (Check all that apply)			
<input type="checkbox"/> Electric	<input type="checkbox"/> Affidavit	<input type="checkbox"/> Letter	<input type="checkbox"/> Request	
<input type="checkbox"/> Electric/Gas	<input type="checkbox"/> Agreement	<input type="checkbox"/> Memorandum	<input type="checkbox"/> Request for Certification	
<input type="checkbox"/> Electric/Telecommunications	<input type="checkbox"/> Answer	<input type="checkbox"/> Motion	<input type="checkbox"/> Request for Investigation	
<input type="checkbox"/> Electric/Water	<input type="checkbox"/> Appellate Review	<input type="checkbox"/> Objection	<input type="checkbox"/> Resale Agreement	
<input type="checkbox"/> Electric/Water/Telecom.	<input type="checkbox"/> Application	<input type="checkbox"/> Petition	<input type="checkbox"/> Resale Amendment	
<input type="checkbox"/> Electric/Water/Sewer	<input type="checkbox"/> Brief	<input type="checkbox"/> Petition for Reconsideration	<input type="checkbox"/> Reservation Letter	
<input type="checkbox"/> Gas	<input type="checkbox"/> Certificate	<input type="checkbox"/> Petition for Rulemaking	<input type="checkbox"/> Response	
<input type="checkbox"/> Railroad	<input type="checkbox"/> Comments	<input type="checkbox"/> Petition for Rule to Show Cause	<input type="checkbox"/> Response to Discovery	
<input type="checkbox"/> Sewer	<input type="checkbox"/> Complaint	<input type="checkbox"/> Petition to Intervene	<input type="checkbox"/> Return to Petition	
<input checked="" type="checkbox"/> Telecommunications	<input type="checkbox"/> Consent Order	<input type="checkbox"/> Petition to Intervene Out of Time	<input type="checkbox"/> Stipulation	
<input type="checkbox"/> Transportation	<input type="checkbox"/> Discovery	<input checked="" type="checkbox"/> Prefiled Testimony	<input type="checkbox"/> Subpoena	
<input type="checkbox"/> Water	<input type="checkbox"/> Exhibit	<input type="checkbox"/> Promotion	<input type="checkbox"/> Tariff	
<input type="checkbox"/> Water/Sewer	<input type="checkbox"/> Expedited Consideration	<input type="checkbox"/> Proposed Order	<input type="checkbox"/> Other:	
<input type="checkbox"/> Administrative Matter	<input type="checkbox"/> Interconnection Agreement	<input type="checkbox"/> Protest		
<input type="checkbox"/> Other:	<input type="checkbox"/> Interconnection Amendment	<input type="checkbox"/> Publisher's Affidavit		
	<input type="checkbox"/> Late-Filed Exhibit	<input type="checkbox"/> Report		

**BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA**

**Docket No. 2008-326-C**

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In Re: Application of Time Warner Cable Information	)
Services (South Carolina) LLC, d/b/a Time	)
Warner Cable to Amend its Certificate of Public	)
Convenience and Necessity to Provide	)
Telephone Services in the Service Area of	)
Fort Mill Telephone Company d/b/a Comporium	)
Communications and for Alternative Regulation	)

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**DIRECT TESTIMONY OF**

**WARREN R. FISCHER, C.P.A.**

**ON BEHALF OF**

**TIME WARNER CABLE INFORMATION SERVICES (SOUTH CAROLINA) LLC**

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## EXHIBITS

<b>Exhibit WRF-1:</b>	<b>Curriculum Vitae</b>
<b>Exhibit WRF-2:</b>	<b>Comporium Communications Alternative Regulation Plan</b>
<b>Exhibit WRF-3:</b>	<b>Cited Portions of Fort Mill's 2007 Telecommunications Company Annual Report</b>
<b>Exhibit WRF-4:</b>	<b>Cited Portions of Fort Mill's 2003 Telecommunications Company Annual Report</b>
<b>Exhibit WRF-5:</b>	<b>Cited Portions of Fort Mill's 2004 Telecommunications Company Annual Report</b>
<b>Exhibit WRF-6:</b>	<b>Cited Portions of Fort Mill's 2005 Telecommunications Company Annual Report</b>
<b>Exhibit WRF-7:</b>	<b>Cited Portions of Fort Mill's 2006 Telecommunications Company Annual Report</b>

**I. INTRODUCTION**

**Q. PLEASE STATE YOUR NAME, TITLE, AND BUSINESS ADDRESS FOR THE RECORD.**

A. My name is Warren R. Fischer. I currently serve as Chief Financial Officer for QSI Consulting, Inc. ("QSI"). My business address is 2500 Cherry Creek Drive South, Suite 319, Denver, Colorado 80209.

**Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND.**

A. I have a Bachelor of Science degree in Business Administration with a concentration in Accounting from the University of Colorado in Boulder, Colorado. I am licensed as a Certified Public Accountant in the States of Colorado and California.

**Q. PLEASE GIVE A BRIEF DESCRIPTION OF YOUR PROFESSIONAL EXPERIENCE**

A. After graduating from the University of Colorado, I worked for several years as an accountant with Deloitte & Touche conducting financial audits. Thereafter, I worked for two major corporations as a financial analyst. I joined AT&T Wireless Services in 1995 as a financial analyst where I managed the preparation of annual revenue forecasts for the company's cellular division. In 1996, I transferred to AT&T Corp. where I became a financial manager and a subject matter expert on pricing and costing issues involving local exchange and exchange access services. In 2000, I joined QSI as a Senior Consultant. In 2007, I became QSI's Chief Financial Officer.

**Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THIS OR OTHER PUBLIC UTILITY COMMISSIONS?**

1       A.     While I have not testified before the Public Service Commission of South Carolina  
2             ("Commission"), I have testified at the FCC and before 18 other state commissions  
3             on rate of return issues as well as pro-competitive regulatory reform issues  
4             concerning universal service, inter-carrier compensation, and appropriate cost-based  
5             rates under the FCC's Total Element Long-Run Incremental Cost ("TELRIC")  
6             methodology. A more detailed description of the cases wherein I have provided  
7             testimony is included in my curriculum vitae as Exhibit WRF-1.

8       **Q.     ON WHOSE BEHALF ARE YOU FILING THIS TESTIMONY?**

9       A.     I am testifying on behalf of the Time Warner Cable Information Services (South  
10            Carolina) LLC ("TWCIS").

12       **II.    PURPOSE OF TESTIMONY**

13       **Q.     WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

14       A.     The purpose of my testimony is to demonstrate that the availability of affordable  
15             basic local exchange rates in Fort Mill Telephone Company's ("Fort Mill")<sup>1</sup> service  
16             area is not at risk and that Fort Mill is financially strong enough to withstand  
17             competition from TWCIS. While a local exchange carrier's ("LEC") financial health  
18             is not (and should not be) an explicit consideration in the Commission's evaluation  
19             of TWCIS's application under S.C. Code §58-9-280, I have nevertheless considered  
20             that issue in evaluating whether TWCIS' provision of service (1) will not adversely

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<sup>1</sup> Fort Mill is under common ownership and management with Rock Hill Telephone Company and Lancaster Telephone Company. All of these affiliated companies do business as Comporium Communications.

1 impact the availability of affordable local exchange service<sup>2</sup> and (2) provision of the  
2 service does not otherwise adversely impact the public interest.<sup>3</sup> The other factors  
3 stated in § 58-9-280 that are relevant to the Commission's determination in this  
4 proceeding are addressed in detail by the testimonies of August Ankum, Ph.D. and  
5 Julie Laine.

6 My testimony will describe the restriction on Fort Mill's ability to raise basic  
7 local exchange rates under the terms of the alternative regulation requirements of  
8 §58-9-576 and demonstrate that Fort Mill is a financially strong company through  
9 analysis of its financial results over the period 2003 - 2007. Dr. Ankum discusses  
10 general economic policy issues associated with TWCIS' application as well as the  
11 numerous services offered by FTC that will allow it to continue operating as a strong  
12 company after competitive entry by TWCIS into its market.

13  
14 **III. TWCIS' ENTRY WILL NOT ADVERSELY AFFECT THE**  
15 **AVAILABILITY OF AFFORDABLE LOCAL EXCHANGE**  
16 **SERVICE**

17 **Q. WHAT IS YOUR UNDERSTANDING OF THE ALTERNATIVE**  
18 **REGULATION PROVISIONS OF SOUTH CAROLINA CODE §58-9-576**  
19 **THAT IMPACT AN RLEC'S RATES?**

20 **A.** A rural local exchange carrier ("RLEC") such as Fort Mill that elects to have the  
21 rates, terms, and conditions for its services determined pursuant to §58-9-576(B) is

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<sup>2</sup> See S.C. Code §58-9-280(B)(3).

<sup>3</sup> See S.C. Code §58-9-280(B)(5).

1 subject to the following terms and conditions on the rates it can charge for basic local  
2 exchange and all other services:

- 3 1. Residential flat-rated local exchange service and single-line business local  
4 exchange service rates in effect on the date of the LEC's election to be subject to  
5 alternative regulation are the maximum rates it can charge for those services  
6 unless those rates are less than the statewide average local service rate, weighted  
7 by the number of access lines. For small LECs whose prices are less than the  
8 statewide average rate, the Commission may waive the cap on local service rates  
9 until the LEC's residential flat-rated local exchange service rate equals the  
10 statewide average local residential service rate, weighted by the number of access  
11 lines, and the single-line business flat-rated local exchange service rate equals  
12 two times the statewide average local residential service rate.<sup>4</sup>  
13
- 14 2. LECs subject to the local exchange service rate cap may adjust rates for  
15 residential flat-rate local exchange service and single-line business flat-rate local  
16 exchange service annually pursuant to an inflation-based index.<sup>5</sup>  
17
- 18 3. LECs have the flexibility to set rates for all other services at their discretion as  
19 long as rates do not discriminate unreasonably between similarly situated  
20 customers.<sup>6</sup>  
21

22 **Q. HAS FORT MILL ELECTED ALTERNATIVE REGULATION FOR ITS**  
23 **SERVICES?**

24 A. Yes. Fort Mill filed its Alternative Regulation Plan on July 1, 2005, and the  
25 Commission approved it on September 7, 2005.<sup>7</sup>

26 **Q. WAS FORT MILL SUBJECT TO THE TWO-YEAR CAP ON RAISING**  
27 **LOCAL SERVICE RATES BEYOND THE RATES IN EFFECT ON THE**  
28 **DATE OF ITS ELECTION?**

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<sup>4</sup> See S.C. Code §58-9-576(B)(3).

<sup>5</sup> See S.C. Code §58-9-576(B)(4).

<sup>6</sup> See S.C. Code §58-9-576(B)(5).

1       A.     No. In its Alternative Regulation Plan filing, Fort Mill noted that its flat-rated local  
2             service rates for residential and single-line business customers were priced below the  
3             statewide average at the date of its election, July 1, 2005.<sup>8</sup> Therefore, Fort Mill  
4             requested a waiver of S.C. Code §58-9-576(B)(3) and (4) until its rates equaled the  
5             statewide average rate.<sup>9</sup>

6       **Q.     DID FORT MILL INCREASE ITS LOCAL SERVICE RATES BETWEEN**  
7             **THE EFFECTIVE DATE OF ITS ALTERNATIVE REGULATION PLAN**  
8             **AND THE PRESENT TIME?**

9       A.     Yes. Fort Mill increased its flat-rate residential local service rate to the statewide  
10            average of \$14.35 on March 1, 2007.<sup>10</sup> Its single-line business rate is two times this  
11            rate (\$28.70) which is the statewide average rate for single-line business customers.  
12            Consequently, Fort Mill's two-year period of capped rates should now be in effect  
13            and should expire on February 28, 2009.

14       **Q.     COULD FORT MILL'S FLAT-RATED LOCAL SERVICE RATES FOR**  
15            **RESIDENTIAL AND SINGLE-LINE BUSINESS CUSTOMERS INCREASE**  
16            **AFTER THE EXPIRATION OF THE TWO-YEAR PERIOD?**

17       A.     Yes. Upon expiration of the two-year rate cap period, Fort Mill could raise its rates  
18            if the inflation-based index has increased to permit a rate increase. However, Fort

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<sup>7</sup> See Comporium Communications Alternative Regulation Plan filed in Docket No., 2005-203-C and attached as Exhibit WRF-2. Comporium Communications' Alternative Regulation Plan was approved in Order No. 2005-464.

<sup>8</sup> See Application in Exhibit WRF-2, page 2.

<sup>9</sup> Id.

<sup>10</sup> See Fort Mill Telephone Company Subscriber Service Tariff, Section III – Page 1, Eleventh Revision, section 2.0 Rates and Charges, effective March 1, 2007.



1 Mill will have to weigh the pros and cons of such an increase in light of the  
2 competitive alternatives offered by other carriers. Rather than risk losing current  
3 customers, the more rational response from a business perspective would be to  
4 reduce prices on its local exchange services or offer its customers attractive bundles  
5 of services to provide them an incentive to stay. Fort Mill already offers its  
6 residential customers packages of bundled services.<sup>11</sup> These can be expanded to  
7 meet competitive threats. Dr. Ankum discusses the various services offered by Fort  
8 Mill which include long distance, high speed Internet, wireless telephone, video, and  
9 home security services at a minimum. As Dr. Ankum's testimony explains in detail,  
10 bundled offers focus the customer's attention on the convenience and cost savings of  
11 receiving multiple services from a single provider and paying a single bill.

12 **Q. DO SUBSEQUENT POTENTIAL RATE INCREASES BY FORT MILL HAVE**  
13 **ANY RELEVANCE IN THIS CASE?**

14 A. No. Fort Mill's local service rates are already at the statewide average rate which is  
15 presumed to be an affordable rate based on the South Carolina General Assembly's  
16 enactment of the statute defining the parameters of the statewide average rate  
17 calculation. Any decision by Fort Mill to increase its rates beyond the currently  
18 effective rates upon the expiration of the two-year freeze period will be independent  
19 of TWCIS's entry into its market and will also be limited to the inflation-based index  
20 stipulated by S.C. Code §58-9-576(B)(4).

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<sup>11</sup> See residential local service product packages at Comporium Communications' website:  
<http://www.comporium.com/res/>.

1       **Q.     BASED ON THE ALTERNATIVE REGULATION RULES DISCUSSED**  
2           **ABOVE, WILL TWCIS' APPLICATION IN THIS CASE ADVERSELY**  
3           **IMPACT THE AVAILABILITY OF AFFORDABLE LOCAL EXCHANGE**  
4           **SERVICE?**

5       **A.     No. To the contrary, TWCIS' entry into Fort Mill's market will increase choices to**  
6           customers and thus *promote* the availability of affordable local exchange service.

7  
8       **IV.    FORT MILL IS IN A STRONG AND HEALTHY FINANCIAL**  
9           **POSITION SUFFICIENT TO SUCCEED IN A COMPETITIVE**  
10          **MARKET**

11       **A.     Fort Mill's 2007 Financial Results**

12       **Q.     PLEASE DESCRIBE FORT MILLS' CURRENT FINANCIAL POSITION.**

13       **A.     My review of Fort Mill's 2007 Telecommunications Company Annual Report**  
14           **("Annual Report") filed with the Office of Regulatory Staff and the Commission**  
15           **finds that Fort Mill is a profitable company with over \$50 million in retained**  
16           **earnings along with a strong balance sheet that reflects a solid net working capital**  
17           **position and no long-term debt.<sup>12</sup>**

18       **Q.     WHAT IS THE SIGNIFICANCE OF FORT MILL'S RETAINED EARNINGS**  
19           **BALANCE?**

20       **A.     Fort Mill's retained earnings balance reflects the accumulation of profits it has**  
21           **earned over a number of years. Because of its consistent profitability, Fort Mill has**

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<sup>12</sup> See 2007 Annual Report, Balance Sheet. Cited portions of 2007 Annual Report are attached as Exhibit WRF-3.

1           paid dividends annually for the last five years in the range of \$1 million to \$2  
2           million.<sup>13</sup> In 2007 Fort Mill declared a significantly higher dividend of \$8.5  
3           million.<sup>14</sup> Clearly, Fort Mill's management felt confident in the company's future in  
4           authorizing such an extraordinary dividend payment. The above discussion and  
5           analysis reveal that Fort Mill has enjoyed great financial success in recent years.

6           **Q.   WHAT IS WORKING CAPITAL AND HOW IS A COMPANY'S WORKING**  
7           **CAPITAL POSITION EVALUATED?**

8           A.   Working capital is simply the difference between a company's current assets and its  
9           current liabilities. Current assets are those that could be converted to cash in less  
10          than a year while current liabilities are obligations that must be repaid within one  
11          year. A company with a positive working capital position is one where current assets  
12          exceed current liabilities. The strength of a company's working capital position is  
13          typically measured as the ratio of current assets to current liabilities. A working  
14          capital ratio that is greater than 1.0 indicates that a company has sufficient resources  
15          to pay its short-term debts.

16          **Q.   WHAT WAS FORT MILLS' WORKING CAPITAL POSITION AT THE END**  
17          **OF 2007?**

18          A.   Fort Mill's 2007 Annual Report shows that it had the following current assets and  
19          current liabilities resulting in a working capital ratio of 1.33.<sup>15</sup>

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<sup>13</sup> See 2003 - 2006 Annual Reports, Balance Sheet, (Cited portions of 2003 Annual Report are attached as Exhibit WRF-4. Cited portions of 2004 Annual Report are attached as Exhibit WRF-5. Cited portions of 2005 Annual Report are attached as Exhibit WRF-6. Cited portions of 2006 Annual Report are attached as Exhibit WRF-7).

<sup>14</sup> See 2007 Annual Report, Balance Sheet, Exhibit WRF-3.

<sup>15</sup> See 2007 Annual Report, Balance Sheet, Exhibit WRF-3.

**Direct Testimony of Warren R. Fischer, C.P.A.  
On Behalf of Time Warner Cable Information Services (South Carolina) LLC  
Docket No. 2008-326-C**

WORKING CAPITAL RATIO	CURRENT ASSETS	CURRENT LIABILITIES	CURRENT RATIO
	8,669,304	6,494,122	1.33

Fort Mill had more than 1.3 times the resources necessary to satisfy its short-term obligations at the end of 2007. Its working capital ratio demonstrates that Fort Mill has strong liquidity, further signifying its solid financial position.

**Q. WHAT DOES THE DEBT-TO-EQUITY RATIO MEASURE?**

A. It measures the relative proportion of debt and equity used to finance a company's assets. Fort Mill's 2007 Annual Report shows that it has no long-term debt and is capitalized entirely by stockholder's equity.<sup>16</sup> Therefore, it has no Debt / Equity ratio at this time.

DEBT / EQUITY RATIO	LONG-TERM DEBT	STOCKHOLDER'S EQUITY	DEBT / EQUITY RATIO
	-	52,528,831	-

Since Fort Mill is does not have to commit any of its cash flow to service debt, it can use its cash to invest in network infrastructure, product development, and other undertakings that will improve its service offerings and overall quality of service, making it a capable player as competition develops in the market.

<sup>16</sup> See 2007 Annual Report, Balance Sheet, Exhibit WRF-3.

**B. Fort Mill's Financial Performance (2003 – 2007)**

**Q. HOW WOULD YOU DESCRIBE FORT MILLS' FINANCIAL PERFORMANCE OVER THE LAST FIVE YEARS?**

**A.** Based upon my review of Fort Mill's Annual Reports for the period 2003 – 2007, Fort Mill has been able to increase its total access lines and revenue stream despite the competition it faces from at least the five wireless carriers it cited as the justification for approval of its Alternative Regulation Plan in 2005.<sup>17</sup> Fort Mill also generated positive net income each year. The following table illustrates the strong performance exhibited by Fort Mill over the last five years.<sup>18</sup>

	TOTAL ACCESS LINES	OPERATING REVENUE (COMBINED)		NET INCOME	TOTAL RETAINED EARNINGS YEAR END	DIVIDENDS DECLARED
		TOTAL	LOCAL NETWORK SERVICE REVENUE			
<b>Fort Mill Telephone</b>						
<b>2003</b>	22,433	\$ 15,817,654	\$ 6,804,468	\$ 4,274,486	\$ 36,124,484	\$ 1,291,563
<b>2004</b>	23,099	\$ 16,169,145	\$ 6,944,066	\$ 4,530,868	\$ 39,067,852	\$ 1,587,500
<b>2005</b>	24,010	\$ 15,422,097	\$ 7,267,967	\$ 4,000,194	\$ 41,263,046	\$ 1,805,000
<b>2006</b>	25,262	\$ 16,836,672	\$ 8,005,057	\$16,311,722	\$ 55,670,393	\$ 1,904,375
<b>2007</b>	26,905	\$ 19,044,942	\$ 9,170,999	\$ 4,024,184	\$ 50,901,765	\$ 8,480,313
<i>Ratio 2007 to 2003</i>	<i>20%</i>	<i>20%</i>	<i>35%</i>	<i>-6%</i>	<i>41%</i>	<i>557%</i>

<sup>17</sup> See Application in Exhibit WRF-2, page 1.

<sup>18</sup> See 2003 Annual Report, Operating Revenue & Expenses, Balance Sheet, Retained Earnings, and Access Lines in Exhibit WRF-4. See 2004 Annual Report, Operating Revenue & Expenses, Balance Sheet, Retained Earnings, and Access Lines in Exhibit WRF-5. See 2005 Annual Report, Operating Revenue & Expenses, Balance Sheet, Retained Earnings, and Access Lines in Exhibit WRF-6. See 2006 Annual Report, Operating Revenue & Expenses, Balance Sheet, Retained Earnings, and Access Lines in Exhibit WRF-7. See 2007 Annual Report, Operating Revenue & Expenses, Balance Sheet, Retained Earnings, and Access Lines in Exhibit WRF-3.

**Direct Testimony of Warren R. Fischer, C.P.A.**  
**On Behalf of Time Warner Cable Information Services (South Carolina) LLC**  
**Docket No. 2008-326-C**

In 2003, its total revenue was \$15.8 million and it had 22,433 total access lines. In 2007, Fort Mill had \$19.0 million in revenue and 26,905 total access lines. Revenue and access lines both increased by 20%. Fort Mill's earned \$4.3 million in net income in 2003 and \$4.0 million in 2007 resulting in a slight decline of 6%. However, Fort Mill's earned \$16.3 million in 2006 or four times its average net income over the other four years. Consequently, retained earnings increased by 41% from 2003 to 2007, from \$36.1 million to \$50.9 million. Fort Mill's huge profit in 2006 likely led to management's decision to declare an \$8.4 million dividend in 2007 out if its retained earnings as opposed to the \$1 million to \$2 million average dividend it had been paying.

**Q. HOW HAS FORT MILL BENEFITED FROM UNIVERSAL SERVICE FUND SUPPORT?**

**A.** Fort Mill receives both state and federal universal service fund ("USF") support.

The trend by year is reflected in the table below:<sup>19</sup>

	FEDERAL USF							TOTAL STATE AND FEDERAL USF
	STATE USF	HCL	ICLS	LSS	LTS	SNA	TOTAL FEDERAL USF	
<b>Fort Mill Telephone</b>								
<b>2003</b>	\$ 251,707	\$ 2,260,440	\$ 1,173,595	\$ 142,969	\$ 479,760	\$ -	\$ 4,056,764	\$ 4,308,471
<b>2004</b>	\$ 235,060	\$ 2,239,704	\$ 1,326,201	\$ 8,880	\$ 242,598	\$ -	\$ 3,817,383	\$ 4,052,443
<b>2005</b>	\$ 257,706	\$ 1,771,626	\$ 1,286,358	\$ 29,640	\$ -	\$ -	\$ 3,087,624	\$ 3,345,330
<b>2006</b>	\$ 271,815	\$ 1,256,244	\$ 1,182,762	\$ 93,012	\$ -	\$ -	\$ 2,532,018	\$ 2,803,833
<b>2007</b>	\$ 272,269	\$ 661,269	\$ 1,256,514	\$ 85,716	\$ -	\$ -	\$ 2,003,499	\$ 2,275,768
<b>Ratio 2007 to 2003</b>	8%	-71%	7%	-40%	-100%		-51%	-47%

<sup>19</sup> South Carolina USF disbursements are from Fort Mill's Response to TWCIS 1st Set of Interrogatories, No. 1-11. Federal USF disbursements are from Universal Service Administration Company data available at <http://www.usac.org/hc/tools/disbursements/>.

**Direct Testimony of Warren R. Fischer, C.P.A.**  
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In 2003, it received \$251,700 in state USF support and \$4.1 million in federal USF support for a total of \$4.3 million. State USF support has been increasing each year resulting in an 8% increase in 2007 state USF receipts over 2003. Conversely, federal USF receipts have declined by 51% since 2003. This is primarily due to the decline in its High Cost Loop fund support which is predicated on Fort Mill's loop cost per line exceeding the national benchmark. It appears that Fort Mill's loop costs have not increased commensurate with its access line growth causing a decline in its cost per loop calculation for USF purposes. Fort Mill's USF support as a percentage of total revenue over the five-year period is shown in the table below which is a synthesis of the two previous tables:

	OPERATING REVENUE (COMBINED)		
	TOTAL	TOTAL STATE AND FEDERAL USF	% REVENUE FROM USF
<b>Fort Mill Telephone</b>			
<b>2003</b>	\$ 15,817,654	\$ 4,308,471	27%
<b>2004</b>	\$ 16,169,145	\$ 4,052,443	25%
<b>2005</b>	\$ 15,422,097	\$ 3,345,330	22%
<b>2006</b>	\$ 16,836,672	\$ 2,803,833	17%
<b>2007</b>	\$ 19,044,942	\$ 2,275,768	12%
<i>Ratio 2007 to 2003</i>	<u>20%</u>	<u>-47%</u>	

In short, USF support is a significant portion of Fort Mill's revenue stream, and it will continue to provide a safety net to Fort Mill in the face of competition.

1       **Q.     IF FORT MILL LOSES ADDITIONAL LINES AND REVENUE DUE TO**  
2       **MARKET SHARE LOSS TO TWCIS, WILL IT RECEIVE EVEN MORE USF**  
3       **SUPPORT THAN IT DOES TODAY?**

4       A.     Yes. When an RLEC such as Fort Mill loses access lines, its cost per loop increases  
5       since its static network costs are divided over fewer lines. As an RLEC's cost per  
6       loop increases over the national average cost per line, it will receive additional  
7       federal USF support. Regarding the state USF, LECs can receive additional support  
8       in two different ways. First, it can file for rate reductions to services priced above  
9       cost and recover projected lost revenue from the state USF. This allows a LEC to  
10      adjust its prices to meet or beat the competition.<sup>20</sup> Second, if an RLEC loses its  
11      lower cost customers to competition, it can petition the Commission to approve a  
12      new cost study reflecting its change in cost per line.<sup>21</sup>

13      **Q.     GIVEN THE FINANCIAL STRENGTH OF FORT MILL, WILL TWCIS'**  
14      **ENTRY INTO FORT MILLS' MARKET ADVERSLEY IMPACT THE**  
15      **AFFORDABILITY OF LOCAL EXCHANGE SERVICE?**

16      A.     No. To the contrary, TWCIS' entry in Fort Mill's market will increase customer  
17      choice and potentially lead to lower prices.

18      **Q.     DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

19      A.     Yes, it does.

---

<sup>20</sup> See Docket No. 97-239-C, Order No. 2001-996, Exhibit A – Guidelines for South Carolina Universal Service Fund, § 9, page 7.

<sup>21</sup> See S.C. Code § 58-9-280(E).



**BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA**

**Docket No. 2008-326-C**

---

In Re: Application of Time Warner Cable Information  
Services (South Carolina) LLC, d/b/a Time  
Warner Cable to Amend its Certificate of Public  
Convenience and Necessity to Provide  
Telephone Services in the Service Area of  
Fort Mill Telephone Company d/b/a Comporium  
Communications and for Alternative Regulation

---

**DIRECT TESTIMONY OF  
WARREN R. FISCHER, C.P.A.**

**ON BEHALF OF  
TIME WARNER CABLE INFORMATION SERVICES (SOUTH CAROLINA) LLC**

**EXHIBIT WRF-1**

**Curriculum Vitae**

## **Warren R. Fischer, C.P.A.**

**Chief Financial Officer  
QSI Consulting, Inc.**

2500 Cherry Creek Drive South  
Suite 319  
Denver, Colorado, 80209-3279  
(303) 722-2684 voice  
(303) 883-9014 mobile  
(303) 733-3016 facsimile  
[WFischer@QSIconsulting.com](mailto:WFischer@QSIconsulting.com)

### **Biography**

Mr. Fischer is a QSI partner and currently serves as Chief Financial Officer in QSI's Telecommunications Division. Mr. Fischer has over 13 years of experience in the telecommunications industry and joined QSI after five years of service within AT&T's Local Service & Access Management and Wireless Services divisions. During his telecommunications career, Mr. Fischer has focused his attention largely on TELRIC pricing, local market entry, Section 271 compliance, access and universal service reform issues, billing disputes, and damages assessment.

Mr. Fischer is an experienced and effective expert witness who has provided expert testimony in over 30 proceedings before 18 state utility commissions and other administrative agencies. Mr. Fischer is an active Certified Public Accountant who is licensed in the States of Colorado and California. Mr. Fischer's professional experience as a C.P.A. includes two years in public practice with Deloitte and Touche LLP and over 20 years of managing financial analysis, reporting and forecasting processes for various multi-national corporations.

### **Educational Background**

**Bachelor of Science, Business Administration (emphasis in Accounting)**

University of Colorado at Boulder, Boulder, Colorado

1984



## Professional Experience

### **QSI Consulting, Inc.**

2000 - Current  
Chief Financial Officer

### **AT&T Corp.**

1997 - 2000  
Financial Manager  
1996 - 1997  
Supervisor  
Network Services Division

### **AT&T Wireless Services**

1995 - 1996  
Marketing Analyst / Planner  
Cellular Division

### **E. & J. Gallo Winery**

1994 - 1995  
Senior Financial Analyst  
1991 - 1994  
Operations Accountant

### **Century 21 Real Estate Corporation**

1987 - 1991  
Financial Analyst

### **Deloitte & Touche LLP**

1985 - 1987  
Audit-in-Charge

## Expert Testimony – Profile

*The information below is Mr. Fischer's best effort to identify all proceedings wherein he has either provided pre-filed written testimony, an expert report or provided live testimony.*

### **Before the Federal Communications Commission**

#### **File Nos. EB-01-MD-001 and EB-01-MD-002**

*In the matter of the formal complaints of AT&T corp. and Sprint Communications Company L.P., vs. Business Telecom, Inc.*

On behalf of Business Telecom, Inc.

Affidavit

February 23, 2001

### **Before the Public Utilities Commission of the State of Colorado**

#### **Docket No. 99A-161T**

*In the matter of the application of U S WEST Communications, Inc., to reduce business basic exchange and long-distance revenues upon receipt of the Colorado high-cost support mechanism in accordance with Decision No. C 99-222*

On behalf of AT&T Communications of the Mountain States, Inc.

Direct

August 6, 1999

### **Before the Public Utilities Commission of the State of Colorado**

#### **Docket No. 98A-068T**

*In the matter of the application of U S WEST Communications, Inc., to restructure and reduce switched access rates pursuant to the stipulation in Docket No. 97A-540T*

On behalf of AT&T Communications of the Mountain States, Inc.

Amended Direct

Supplemental

May 17, 1999

June 9, 1999

**In The United States District Court for The Middle District Of Florida, Jacksonville Division**  
**Civil Action No. 3:07-CV-598-J-32MCR**

*James D. Hinson Electrical Contracting Co., Inc., Individually and On Behalf Of All Others Similarly Situated, Plaintiff, v. BellSouth Telecommunications, Inc., Defendant*

On behalf of Plaintiff

Declaration

September 18, 2007

Expert Report

August 1, 2008

**Before the Public Service Commission of Florida**

**Docket No. 041464-TP**

*Petition of Sprint-Florida, Inc. for Arbitration of an Interconnection Agreement with Florida Digital Network, Inc. Pursuant to Section 252 of the Telecommunications Act of 1996*

On Behalf of Florida Digital Network, Inc. D/B/A FDN Communications

Direct

May 27, 2005

**Before the Public Service Commission of Florida**

**Docket No. 990649B-TP**

*In re: investigation into pricing of unbundled network elements*

On Behalf of AT&T Communications of the Southern States, Inc., MCI metro Access Transmission Services, LLC & MCI WorldCom Communications, Inc., and Florida Digital Network, Inc. (collectively called the "ALEC Coalition")

Rebuttal

January 30, 2002

**Before the Illinois Commerce Commission**

**Docket No. 02-0864**

*Illinois Bell Telephone Company: Filing to increase unbundled loop and nonrecurring rates (tariffs filed December 24, 2002)*

On Behalf of AT&T Communications of Illinois, Inc., WorldCom, Inc. ("MCI"), McLeodUSA Telecommunications Services, Inc., Covad Communications Company, TDS Metrocom, LLC, Allegiance Telecom of Illinois, Inc., RCN Telecom Services of Illinois, LLC, Globalcom, Inc., Z-Tel Communications, Inc., XO Illinois, Inc., Forte Communications, Inc., and CIMCO Communications, Inc.

Direct

May 6, 2003

Rebuttal

January 20, 2004

Surrebuttal

February 20, 2004

Supplemental Surrebuttal

May 5, 2004

**Before the Indiana Utility Regulatory Commission**

**Cause No. 42393**

*In the matter of the commission investigation and generic proceeding of rates and unbundled network elements and collocation for Indiana Bell Telephone Company, Incorporated d/b/a SBC Indiana pursuant to the Telecommunications Act of 1996 and related Indiana statutes*

On behalf of AT&T Communications of Indiana, G.P. and TCG Indianapolis ("AT&T"), WorldCom, Inc. ("MCI"), McLeodUSA Telecommunications Services, Inc., Covad Communications Company, and Z-Tel Communications, Inc.

Response

August 15, 2003

**Before the Public Service Commission of Maryland**

**Case No. 8879**

*In the matter of the investigation into rates for unbundled network elements pursuant to the Telecommunications Act of 1996*

On Behalf of the Staff of the Public Service Commission of Maryland

Rebuttal

September 5, 2001

Supplemental Rebuttal

October 4, 2001

Surrebuttal

October 15, 2001

**Before the Massachusetts Department of Telecommunications and Energy**

*Docket DTE 06-61 Investigation by the Department on its own motion as to the propriety of the rates and charges set forth in the following tariff: M.D.T.E. No. 14, filed with the Department on June 16, 2006, to become effective July 16, 2006, by Verizon New England, Inc. d/b/a Verizon Massachusetts*

On Behalf of Broadview Networks, Inc.; DSCI Corporation; Eureka Telecom, Inc. d/b/a InfoHighway Communications; Metropolitan Telecommunications of Massachusetts, Inc., a/k/a MetTel; New Horizon Communications; and One Communications (collectively "CLEC Coalition")

Rebuttal Panel Testimony

September 12, 2006

**Before the Massachusetts Department of Telecommunications and Energy****Docket DTE 01-20**

*Investigation by the department on its own motion into the appropriate pricing, based upon total element long-run incremental costs, for unbundled network elements and combinations of unbundled network elements, and the appropriate avoided cost discount for Verizon New England Inc., d/b/a Verizon Massachusetts' resale services*

On Behalf of the CLEC Coalition

Rebuttal

July 17, 2001

**Before the Michigan Public Service Commission****Case No. U-13531**

*In the matter, on the commission's own motion, to review the costs of telecommunications services provided by SBC Michigan*

On behalf of AT&T Communications of Michigan, Inc., and TCG Detroit ("AT&T")

Initial

January 20, 2004

Final Reply

May 10, 2004

**Before the Michigan Public Service Commission****Case No. U-11756**

*In the matter of the complaint of Michigan Pay Telephone Association et al. Against Ameritech Michigan and Verizon North Inc., f/k/a GTE North Incorporated*

On behalf of Michigan Pay Telephone Association and the other payphone service provider Complainants

Direct

February 10, 2003

**Before The Office Of Administrative Hearings For The Minnesota Public Utilities Commission****MPUC Docket No. P-421/AM-06-713, OAH Docket No. 3-2500-17511-2**

*In the matter of Qwest Corporation's Application for Commission Review of TELRIC Rates Pursuant to 47 U.S.C. § 251*

On behalf of Integra Telecom of Minnesota, Inc.; McLeodUSA Telecommunications Services, Inc.; POPP.com, Inc.; DIECA Communications, Inc., d/b/a Covad Communications Company; TDS Metrocom; and XO Communications of Minnesota, Inc., ("The CLEC Coalition")

Direct

August 24, 2007

**Before the Public Service Commission of the State of Montana****Docket No. D97.5.87**

*IN THE MATTER OF the Investigation into U S WEST Communications, Inc.'s Compliance with Section 271(c) of the Telecommunications Act of 1996*

On behalf of AT&T Communications of the Mountain States

Direct

June 1998

Rebuttal

June 1998

Supplemental Rebuttal

November 1998

**Before the Public Service Commission of the State of Montana****Docket No. D96.12.220**

*IN THE MATTER of the Application of U S WEST Communications, Inc. to Restructure its Prices for Regulated Telecommunications Service.*

On behalf of AT&T Communications of the Mountain States, Inc.

Direct

October 1997

**Before the Nebraska Public Service Commission****Application No. C-1628**

*In the matter of the Nebraska Public Service Commission, on its own motion, seeking to conduct an investigation into intrastate access charge reform and intrastate universal service fund*

On behalf of AT&T Communications of the Midwest, Inc.

Direct

October 20, 1998

**Before the Nebraska Public Service Commission****Application No. C-1830**

*In the Matter of US West Communications, Inc., filing its notice of intention to file Section 271(c) application with the FCC and request for Commission to verify US West compliance with Section 271(c)*

On behalf of AT&T Communications of the Midwest, Inc.

Direct and rebuttal

August 1998

**Before the Nebraska Public Service Commission****Docket No. C-1519**

*In the matter of the emergency petition of MCI Telecommunications Corporation and AT&T Communications of the Midwest, Inc. to investigate compliance of Nebraska LECs with FCC payphone orders*

On behalf of AT&T Communications of the Midwest, Inc.

Direct

January 20, 1998

**Before the New Mexico State Corporation Commission****Docket No. 96-310-TC and Docket No. 97-334-TC**

*In the matter of the consideration of the adoption of a rule concerning costing methodologies and In the matter of the implementation of new rules related to the rural, high-cost, and low-income components of the New Mexico universal service fund*

*On behalf of AT&T Communications of the Mountain States, Inc.*

Direct

July 8, 1998

Rebuttal

August 5, 1998

**Before the New Mexico State Corporation Commission****Docket No. 97-106-TC**

*In The Matter Of Qwest Corporation's Section 271 Application And Motion For Alternative Procedure To Manage The Section 271 Process*

On behalf of AT&T Communications of the Mountain States, Inc.

Direct

July 1998

Rebuttal

July 1998

Reply

September 1998

**Before the New Mexico State Corporation Commission****Docket No. 97-69-TC**

On behalf of AT&T Communications of the Mountain States, Inc.

Direct

March 20, 1997

**Before the North Carolina Utilities Commission****Docket No. P-100, Sub 133d, Phase I***In the matter of general proceeding to determine permanent pricing for unbundled network elements*

On Behalf of New Entrants

Direct

August 11, 2000

**Before the Public Service Commission of the State of North Dakota****Case No. PU-05-451***Midcontinent Communications, a South Dakota Partnership, Complainant vs. North Dakota Telephone**Company, Respondent*

On behalf of Midcontinent Communications

Direct

December 21, 2005

Rebuttal

January 16, 2006

**Before the Public Service Commission of the State of North Dakota****Docket No. PU-314-97-465***In the matter of U S WEST Communications, Inc., universal service costs investigation*

On behalf of AT&amp;T Communications of the Midwest, Inc.

Rebuttal

February 27, 1998

**Before the Public Utilities Commission of Ohio****Case No. 02-1280-TP-UNC, Phase II***In the matter of the Review of SBC Ohio's TELRIC Costs for Unbundled Network Elements*

On behalf of MCIMetro Access Transmission Services, LLC, McLeodUSA Telecommunications Services, Inc., Covad Communications Company, NuVox Communications of Ohio, Inc., and XO Ohio, Inc.

Direct

August 8, 2005

**Before the State of South Dakota Public Utilities Commission****Docket No. TC07-117***In The Matter of the Petition Of Midcontinent Communications For Approval Of Its Intrastate Switched Access Tariff And For An Exemption From Developing Company-Specific Cost-Based Switched Access Rates*

On behalf of Midcontinent Communications

Direct

July 15, 2008

**Before the State Office of Administrative Hearings (Texas)****SOAH Docket No. 473-07-1365, PUC Docket No. 33545***Application of McLeodUSA Telecommunications Services, Inc. For Approval of Intrastate Switched Access Rates Pursuant To PURA Section 52.155 And PUC Subst. R. 26.223*

On behalf of McLeodUSA Telecommunications Services, Inc.

Rebuttal

May 24, 2007

**Before the Public Service Commission of Wisconsin****Docket No. 6720-TI-187***Petition of SBC Wisconsin to determine rates and costs for unbundled network elements*

On behalf of AT&amp;T Communications of Wisconsin, L.P. and TCG Milwaukee ("AT&amp;T"), and MCI, Inc.

Rebuttal

June 15, 2004

**Before the Wyoming Public Service Commission****Docket No. 70000-TA-98-442***In the matter of the second application of U S WEST Communications, Inc., for a finding that its interexchange telecommunications services are subject to competition*

On behalf of AT&amp;T Communications of the Mountain States, Inc.

Direct

January 6, 1999

**Before the Wyoming Public Service Commission****Docket No. 70000-TR-98-420**

*In the matter of the application of U S WEST Communications, Inc., for authority to implement price ceiling in conjunction with its proposed Wyoming price regulation plan for essential and noncompetitive telecommunication services*

On behalf of AT&T Communications of the Mountain States, Inc.

Direct

September 9, 1998

**Before the Wyoming Public Service Commission****General Order No. 81**

*In the matter of the investigation by the Commission of the feasibility of developing its own costing model for use in determining federal universal service fund support obligations in Wyoming*

On behalf of AT&T Communications of the Mountain States, Inc.

Direct

Amended Direct

Rebuttal

November 1997

January 23, 1998

February 6, 1998

**Before the Wyoming Public Service Commission****Docket No. 72000-TI-97-107 and Docket No. 70000 TI-97-352**

*In the matter of the petition of AT&T for the Commission to initiate investigation of U S WEST Communications, Inc.'s compliance with Section 271 of the Telecommunications Act of 1996*

On behalf of AT&T Communications of the Mountain States, Inc.

Direct

1998

**Before the Wyoming Public Service Commission****Docket No. 72000-TC-97-99**

On behalf of AT&T Communications of the Mountain States, Inc.

Direct

May 15, 1997

**Before the Wyoming Public Service Commission****Docket No. 70007-TR-95-15**

On behalf of AT&T Communications of the Mountain States, Inc.

Adopted Pre-filed Direct

October 1996

**Selected Reports, Presentations and Publications**

QSI Final Report to the Hawaii Public Utilities Commission "Analysis and Recommendations Related to Docket No. 04-0140 *Merger Application Of Paradise Mergersub, Inc. (n/k/a Hawaiian telecom Mergersub, Inc.), Verizon Hawaii, Inc. and Related Companies*" February 7, 2005

QSI Technical Report No. 012605A "IP-Enabled Voice Services: Impact of Applying Switched Access Charges to IP-PSTN Voice Services"

*Ex Parte filing in FCC dockets WC Dockets No. 04-36 (In the Matter of IP-Enabled Services), 03-266 (In the Matter of Level 3 Communications LLC Petition for Forbearance Under 47 U.S.C. § 160(c) from Enforcement of 47 U.S.C. § 251(g), Rule 51.701(b)(1), and Rule 69.5(b); IP Enabled Services)*  
Washington DC, January 27, 2005

QSI Report to the Wyoming Legislature "The Wyoming Universal Service Fund. *An Evaluation of the Basis and Qualifications for Funding*" December 3, 2004

QSI Management Audit Reports to the Wyoming Public Service Commission on the Wyoming Universal Service Fund:

1. For the period October 28, 1999 through December 31, 2001 (issued May 15, 2002)
2. For the period January 1, 2002 through December 31, 2004 (issued January 31, 2006)



**BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA**

**Docket No. 2008-326-C**

---

In Re: Application of Time Warner Cable Information	)
Services (South Carolina) LLC, d/b/a Time	)
Warner Cable to Amend its Certificate of Public	)
Convenience and Necessity to Provide	)
Telephone Services in the Service Area of	)
Fort Mill Telephone Company d/b/a Comporium	)
Communications and for Alternative Regulation	)

---

**DIRECT TESTIMONY OF  
WARREN R. FISCHER, C.P.A.**

**ON BEHALF OF  
TIME WARNER CABLE INFORMATION SERVICES (SOUTH CAROLINA) LLC**

**EXHIBIT WRF-2  
Comporium Communications Alternative Regulation Plan**

**MCNAIR LAW FIRM, P.A.**  
ATTORNEYS AND COUNSELORS AT LAW

www.mcnaire.net

BANK OF AMERICA TOWER  
1301 GERSVAIS STREET, 17th FLOOR  
COLUMBIA, SOUTH CAROLINA 29201

174688 SA  
JUL 05 2005  
POST OFFICE BOX 11390  
COLUMBIA, SOUTH CAROLINA 29211  
TELEPHONE (803)799-8800  
FACSIMILE (803)378-2277

July 1, 2005

2006-203-C

RECEIVED  
JUL 05 2005  
PSC-SC  
DOCKETING DEPT.

Mr. Charles L. A. Terreni  
Chief Clerk/Administrator  
South Carolina Public Service Commission  
Synergy Business Park, The Saluda Building  
101 Executive Center Drive  
Columbia, South Carolina 29210

**Re: Rock Hill Telephone Company, Lancaster Telephone Company, and  
Fort Mill Telephone Company all d/b/a/ Comporium Communications  
Alternative Regulation Plan**

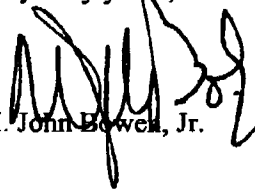
Dear Mr. Terreni:

Enclosed for filing on behalf of Rock Hill Telephone Company, Lancaster Telephone Company, and Fort Mill Telephone Company all d/b/a Comporium Communications, please find an original and ten (10) copies of an Alternative Regulation Plan. Accompanying the Plan are an original and ten (10) copies each of the Affidavit of Matthew L. Dosch and Robert Thomas Joslin.

Please clock in a copy and return it with our courier.

Thank you for your assistance.

Very truly yours,

  
M. John Bowel, Jr.

MBJ/rwm  
Enclosures

cc: C. Dukes Scott, Esquire  
Matthew L. Dosch

**ROCK HILL TELEPHONE COMPANY,  
LANCASTER TELEPHONE COMPANY,  
AND FORT MILL TELEPHONE COMPANY,  
ALL D/B/A COMPORIUM COMMUNICATIONS  
ALTERNATIVE REGULATION PLAN  
PURSUANT TO S.C. CODE ANN. § 58-9-576**

Filed July 1, 2005  
Effective August 1, 2005

1. Introduction

Rock Hill Telephone Company d/b/a Comporium Communications ("Rock Hill"), Lancaster Telephone Company d/b/a Comporium Communications ("Lancaster"), and Fort Mill Telephone Company d/b/a Comporium Communications ("Fort Mill") (collectively referred to herein as the "Comporium Companies") are local exchange carriers operating in the State of South Carolina. Because they are under common ownership and management, the Comporium Companies are jointly submitting this Alternative Regulation Plan.

Pursuant to S.C. Code Ann. § 58-9-576(A), any local exchange carrier ("LEC") may elect to have the rates, terms, and conditions of its services determined pursuant to the alternative regulation plan described in S.C. Code Ann. § 58-9-576(B), provided the Public Service Commission of South Carolina ("Commission") (1) has approved a local interconnection agreement in which the LEC is a participant with an entity determined by the Commission not to be affiliated with the LEC, (2) determines that another provider's service competes with the LEC's basic local exchange telephone service, or (3) determines that at least two wireless providers have coverage generally available in the LEC's service area and that the providers are not affiliates of the LEC. There are at least two wireless providers with coverage generally available in the service areas of Rock Hill, Lancaster, and Fort Mill that are not affiliated with any of the companies, as specified herein. Rock Hill, Lancaster, and Fort Mill hereby elect to have the rates, terms, and conditions of their services determined pursuant to the alternative regulation plan described herein (the "Plan"), which conforms with the plan described in S.C. Code Ann. § 58-9-576(B).

As of July 1, 2005, the date of notice of election of the Plan, there is wireless coverage generally available in Rock Hill's, Lancaster's, and Fort Mill's service areas from the following wireless carriers, none of which is affiliated with any of the Comporium Companies:

ALLTEL Communications, Inc. ("ALLTEL")  
Cricket Communications, Inc. ("Cricket")  
Nextel South Corp. ("Nextel")  
Sprint Spectrum, LP, d/b/a Sprint PCS ("Sprint PCS")  
Triton PCS Operating Co., LLC, d/b/a SunCom ("SunCom")

Cellco Partnership, d/b/a Verizon Wireless ("Verizon")

In addition, each of the Comporium Companies has a Resale Agreement with CAT Communications, Inc.

The Plan described herein is in lieu of other forms of regulation including, but not limited to, rate of return or rate base monitoring or regulation.

2. Effective Date

The effective date of the Plan is August 1, 2005, which is not sooner than thirty days after filing with the Commission notice of election of the Plan. The Plan will apply to all local services offered by Rock Hill, Lancaster, and Fort Mill that are regulated by the Commission.

3. The Plan

- a. As of July 1, 2005, the date of notice of election of the Plan, existing rates, terms, and conditions for the services provided by Rock Hill, Lancaster, and Fort Mill contained in the companies' then-existing tariffs and contracts are considered just and reasonable.
- b. Rock Hill, Lancaster, and Fort Mill are "small LECs" for purposes of S.C. Code Ann. § 58-9-576(B)(3). S.C. Code Ann. § 58-9-10(14) defines "small LEC" to mean a "rural telephone company" as defined in the federal Telecommunications Act of 1996.
- c. Rock Hill's, Lancaster's, and Fort Mill's flat-rated local exchange services for residential and single-line business customers are priced below the statewide average local service rates for those services, weighted by number of access lines, as shown in Rock Hill's, Lancaster's, and Fort Mill's local service tariffs on file with the Commission. Therefore, pursuant to S.C. Code Ann. § 58-9-576(B)(3), the requirements of S.C. Code Ann. § 58-9-576(B)(3) and (4) shall be waived by the Commission until such time as the respective companies' residential and single-line business rates are priced at the statewide average local service rates for those services. At such time as Rock Hill's, Lancaster's, and Fort Mill's residential and single-line business rates, or either of those rates, equals the statewide average local service rate for that service or those services, the rate for the service that is priced at the statewide average rate shall be subject to the provisions of S.C. Code Ann. § 58-9-576(B)(3) and (4); i.e., that rate shall be frozen for a period of two years from the date at which it is set at the statewide average rate and, after the expiration of the two-year period, may be adjusted on an annual basis pursuant to an inflation-based index.
- d. Rock Hill, Lancaster, and Fort Mill may increase rates for flat-rated local exchange services for residential and single-line business customers if they are below the statewide average rates, in accordance with S.C. Code Ann. § 58-9-576(B)(3).

- e. Rock Hill, Lancaster, and Fort Mill will set rates for all other services on a basis that does not unreasonably discriminate between similarly situated customers. All such rates are subject to a complaint process for abuse of market position in accordance with Commission rules and procedures.
- f. Except when exempted by law, Rock Hill, Lancaster, and Fort Mill will file tariffs for price changes or new services with respect to their local exchange services (including residential and single-line business services) that set out the terms and conditions of the services and the rates for such services. Tariffs will be presumed valid and become effective seven days after filing for price decreases and fourteen days after filing for price increases and new services.
- g. As provided for in S.C. Code Ann. § 58-9-576(B), the Plan applies in lieu of rate of return or rate base regulation. Thus, the procedures set forth above for changes in rates are to be used in lieu of traditional rate-of-return procedures for determining rates, terms, and conditions for service, as found in S.C. Code Ann. §§ 58-9-510 through -570 and in 26 Code Ann. Regs. 103-834(A)(3).

STATE OF SOUTH CAROLINA       )  
  )  
COUNTY OF YORK                )

**AFFIDAVIT OF MATTHEW L. DOSCH**

Personally appeared before me, Matthew L. Dosch, who, first being duly sworn, did  
depose and say:

1. I am Vice President of External Affairs for Rock Hill Telephone Company, Fort Mill Telephone Company, and Lancaster Telephone Company, all doing business as Comporium Communications (Comporium).

2. There are a number of wireless providers that have coverage generally available in the Comporium service area. Attached to this Affidavit as EXHIBIT A, and incorporated herein by reference, are coverage maps showing general coverage of the areas served by Comporium for the following wireless service providers: ALLTEL, Nextel, Sprint PCS, SunCom, and Verizon. These maps were obtained from the respective carriers. None of these wireless service providers is affiliated with any Comporium company, including Rock Hill Telephone Company, Fort Mill Telephone Company, or Lancaster Telephone Company.

3. Robert Joslin, president and a founding partner of EnVision Wireless, Inc., conducted a drive test of the commercial wireless service offered by ALLTEL and Verizon in the Comporium service area. The results of the drive test are detailed in Mr. Joslin's affidavit. In addition to the drive test, an analysis of the percentage of population covered by wireless networks within Lancaster Telephone Company's service area was prepared at my direction. Based upon 2000 Census data, 94.7% of the population within


Lancaster Telephone Company's service territory is covered by landline quality wireless service provided by both Verizon and ALLTEL.

4. Both ALLTEL and Verizon have generally available coverage and a good quality of service throughout the Comporium service area.

FURTHER AFFIANT SAITH NOT.

  
Matthew L. Desch

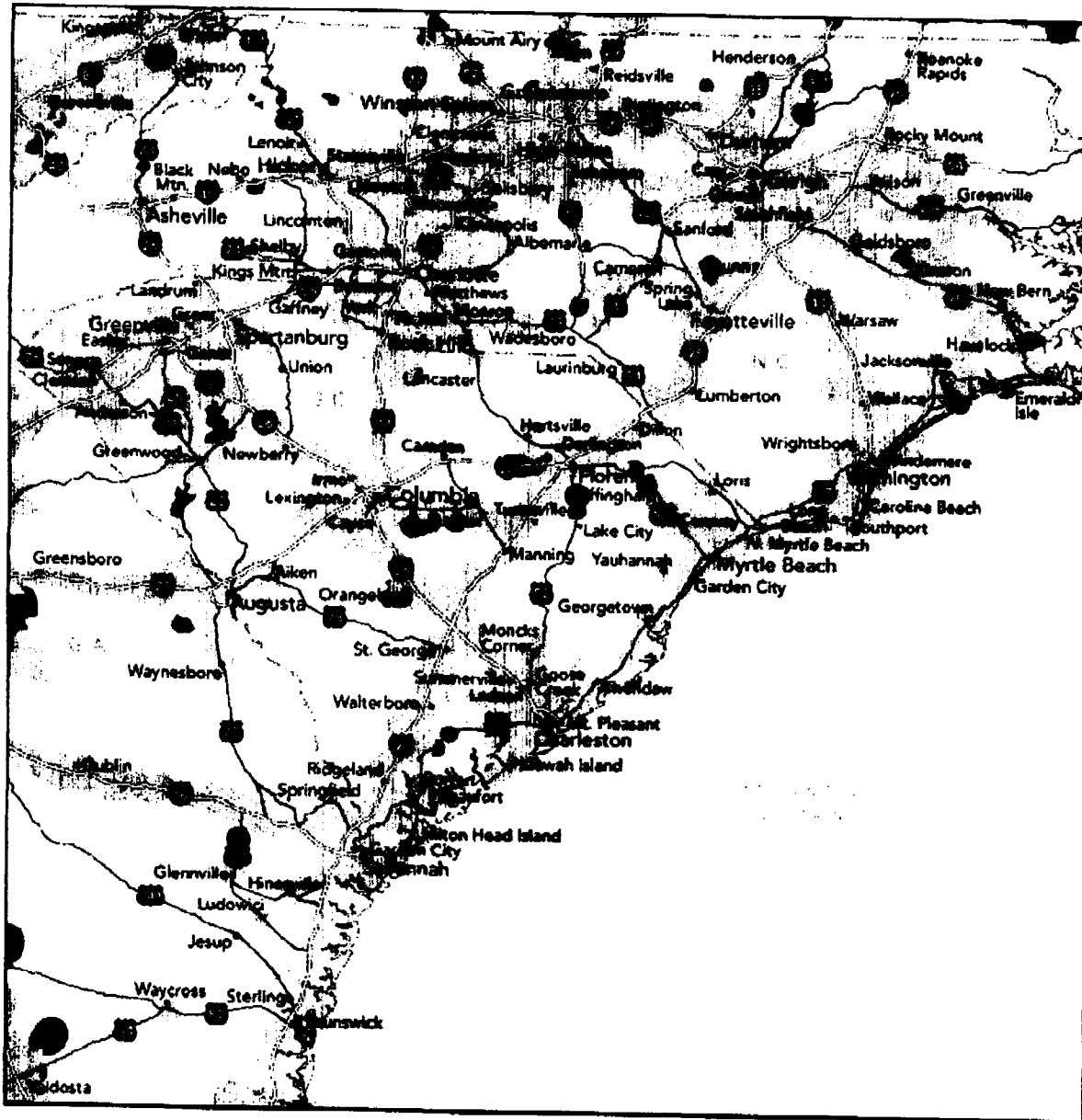
Sworn to before me this  
30<sup>th</sup> day of June, 2005

  
Notary Public for the State of South Carolina  
My Commission Expires 8/20/13

1975-1976

# EXHIBIT A





Find Local Sales Locations in Charlotte/Hickory Area  
View Rate Plans in Charlotte/Hickory Area  
Check Coverage In Another Area

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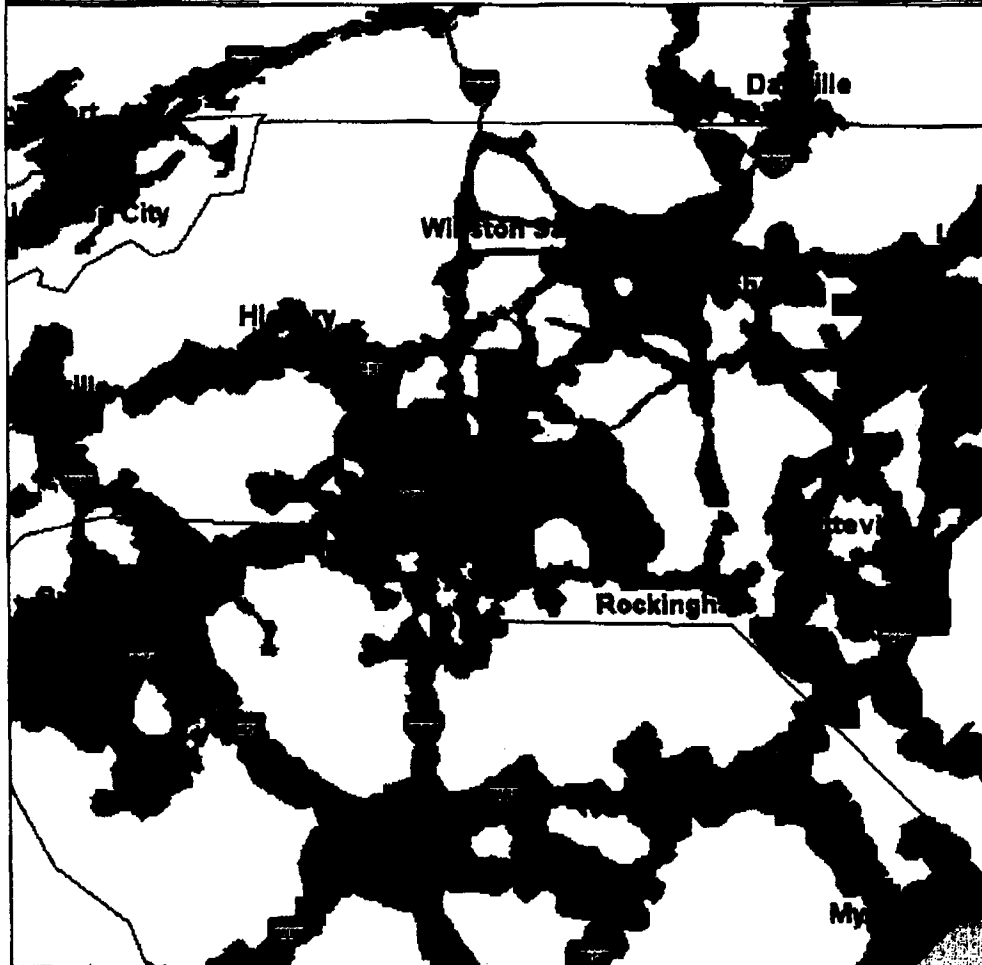


## Coverage Information

This map shows coverage in the Rock Hill, NC (29732) area.

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[View plans in your area](#)



- ☒ Sprint Nationwide PCS Network
- ☐ Additional Sprint PCS Service
- ☐ Digital Roaming
- ☐ + ☐ Analog Roaming
- ☐ No Service Available

[Back to Coverage Information](#)

[View plans in your area](#)

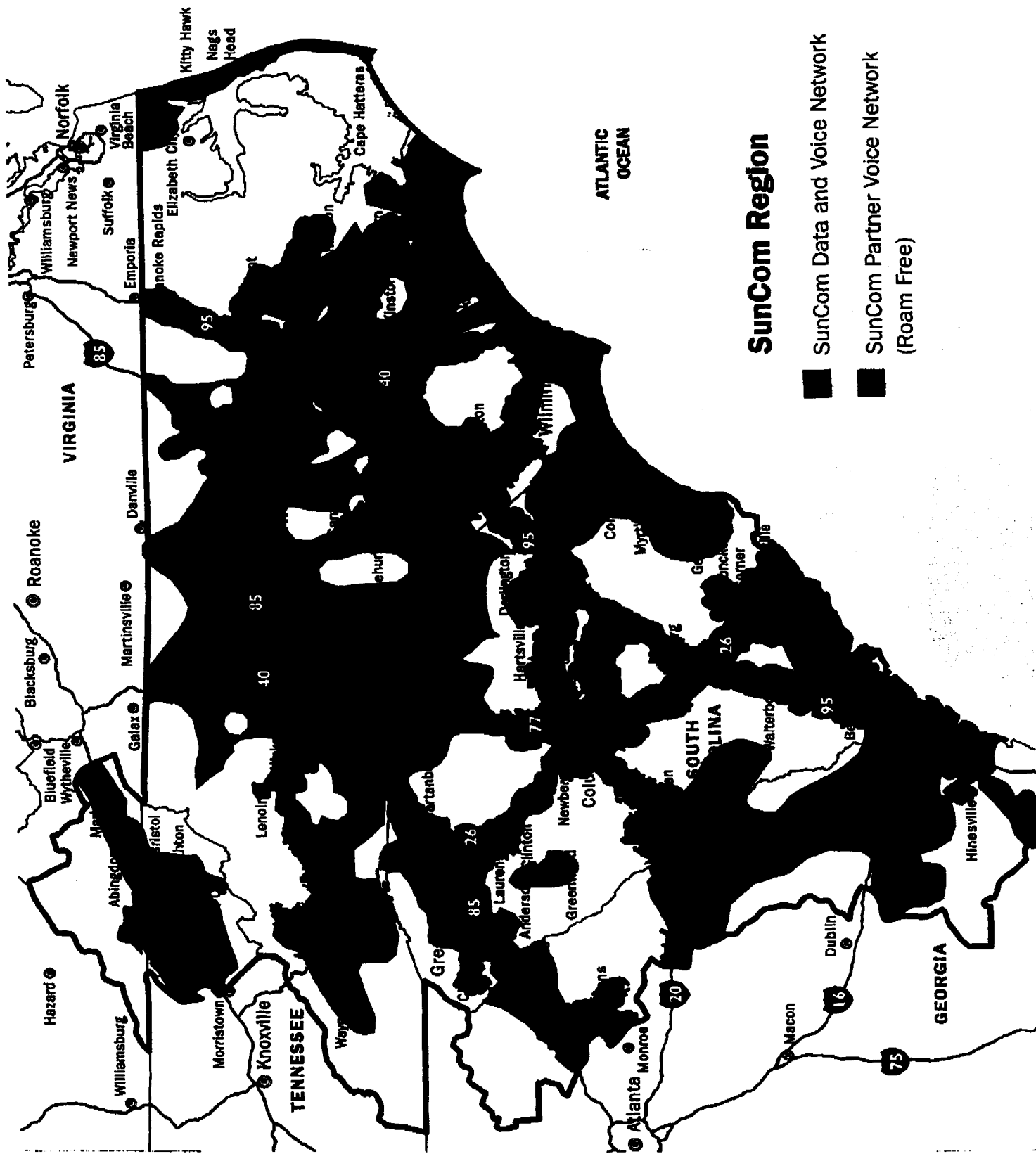
### Find Coverage for another location

Enter zip code:

[View coverage](#)

Or, select a state:

South Carolina



STATE OF FLORIDA )

COUNTY OF BREVARD )

**AFFIDAVIT OF ROBERT THOMAS JOSLIN**

Personally appeared before me, Robert Joslin, who, first being duly sworn, did depose and say:

1. I am president and a founding partner of EnVision Wireless, Inc., an RF engineering company that specializes in network design, network optimization and drive testing of today's wireless communication networks. I have ten years of experience in wireless optimization and design as well as management of RF engineering services companies. Prior to EnVision, I served as Director of North American Operations for the Wireless Network Services Division of Agilent Technologies. Agilent acquired my former employer, SAFCO Technologies, in 2000. Shortly after the purchase, I managed the opening of Agilent's western regional network services office. During my three-year employment with SAFCO, I held several management positions. My last role at SAFCO was as manager of its competitive network benchmarking business. In 1995, I joined TEC Cellular, Inc. (TECC) where I worked on many wireless design and optimization projects. I was instrumental in securing and delivering the largest project in the company's history. In 1997, I joined the management team at TECC. As a manager of engineering services, my responsibilities included sales development, staffing and delivery of projects. I graduated from the University of Central Florida in 1994 with a bachelor's degree in Electrical Engineering. Following graduation, I began my wireless career with Nextel Communications in the role of Associate RF Engineer.

2. There are a number of wireless providers that have coverage generally available in the Comporium Communications (Comporium) service area. I personally conducted a drive test of the commercial wireless service offered by ALLTEL and Verizon in the Comporium service area. The drive test was conducted between June 7, 2005 and June 12, 2005 and covered approximately 1600 miles throughout the service areas of Rock Hill Telephone Company, Fort Mill Telephone Company, and Lancaster Telephone Company. The drive test was conducted for ALLTEL and Verizon using Kyocera 2135 wireless telephones. Each test phone was connected to an Agilent VoicePrint data collection system. The data post processing was performed with Agilent's OPAS32 software, which is specifically designed for post processing drive test data collected with Agilent's drive test systems. The drive test equipment collects data on signal strength and frame error rates, among other data.

3. The results of the system drive tests for ALLTEL and Verizon are shown on the maps attached hereto as EXHIBIT A and incorporated herein by reference. The black line depicted on each map represents the service area of the relevant incumbent local exchange company. Each map included in EXHIBIT A shows Frame Error Rate data for the wireless carrier tested. Frame Error Rate is the wireless industry standard for testing quality of service. A Frame Error Rate range of 0-2 indicates that between 0 and 2% of frames are missed during a call, which is comparable to the quality of a landline call. At a Frame Error Rate of 2-5, some syllables may be missed. At a Frame Error rate of 5-10, some words may be missed. At a Frame Error Rate in the range of 10-100, calls may be dropped. The actual number of dropped calls during the drive test varied by service provider (27 dropped calls out of 839 calls on ALLTEL's network and 22 out of 860 calls

on Verizon's network). As can be seen from the drive test maps, the ALLTEL and Verizon wireless networks have landline-quality service throughout the majority of the Comporium service area.

4. The system drive test results demonstrate that ALLTEL and Verizon have generally available coverage and a good quality of service throughout the Comporium service area.

FURTHER AFFIANT SAITH NOT.

  
J245-TK-68-3a-2

Sworn to before me this  
30 day of June, 2005

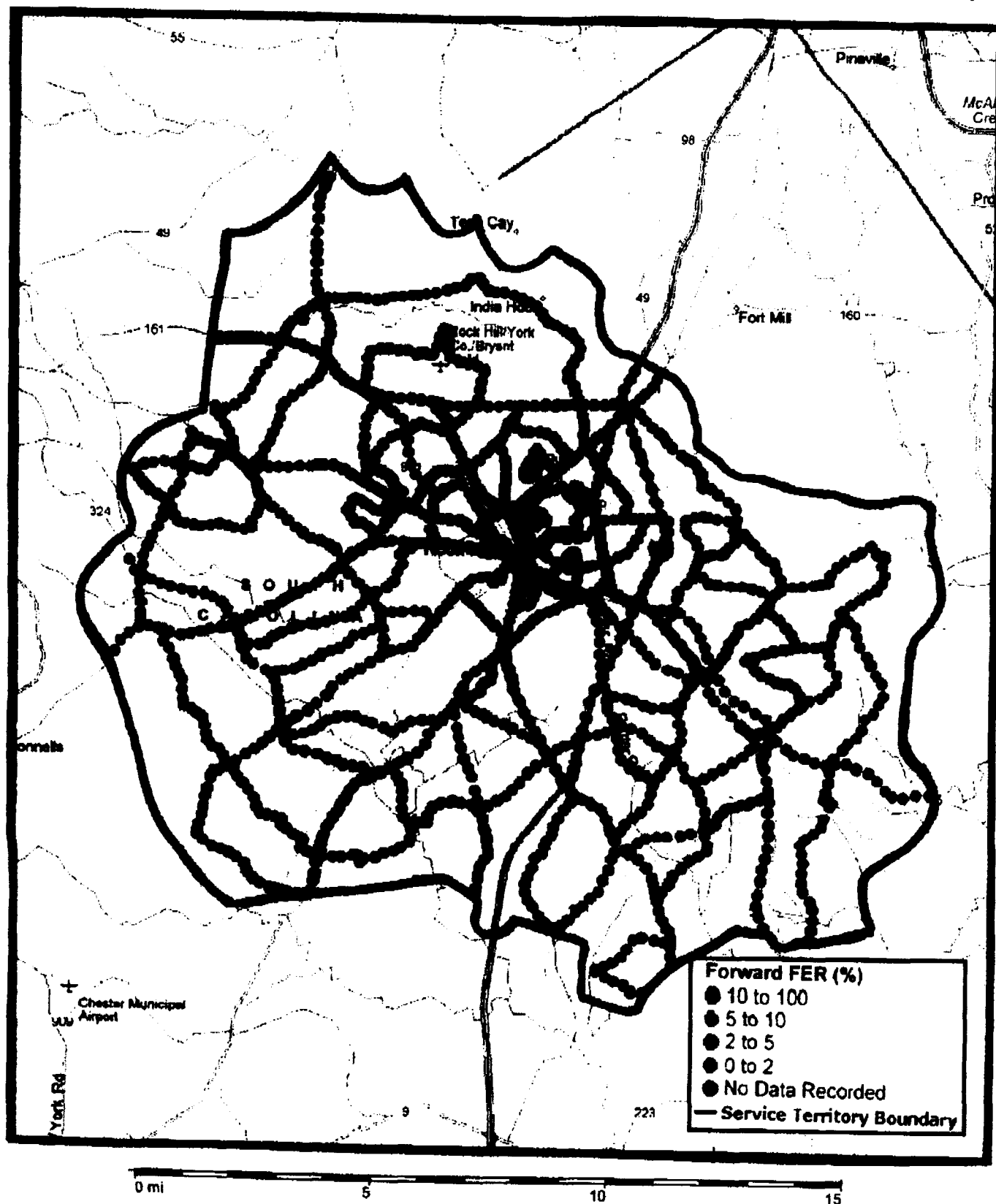
  
Notary Public for the State of Florida  
My Commission Expires 7-16-08



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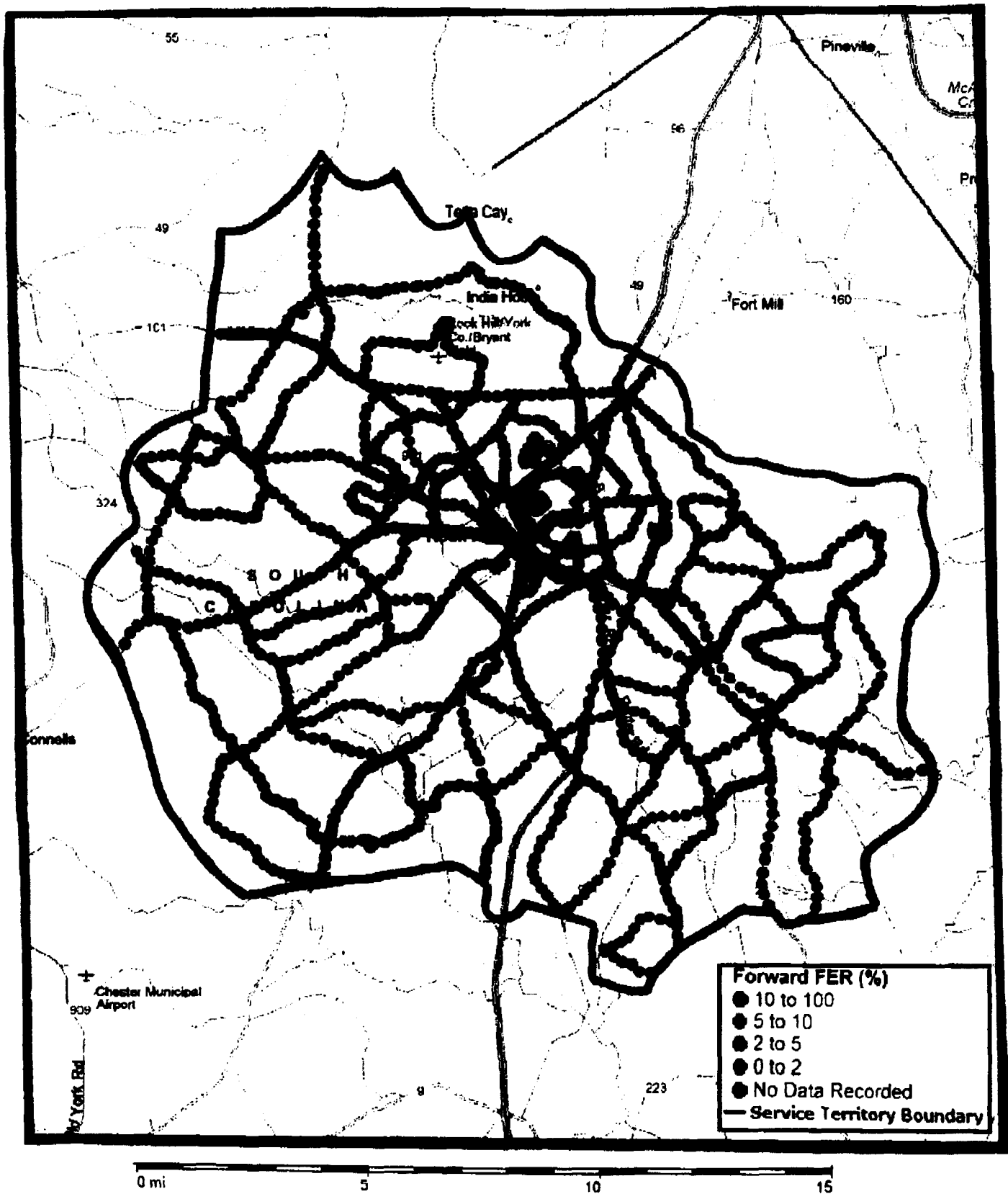
# EXHIBIT A

# Rock Hill- Alltel CDMA Forward FER (%)

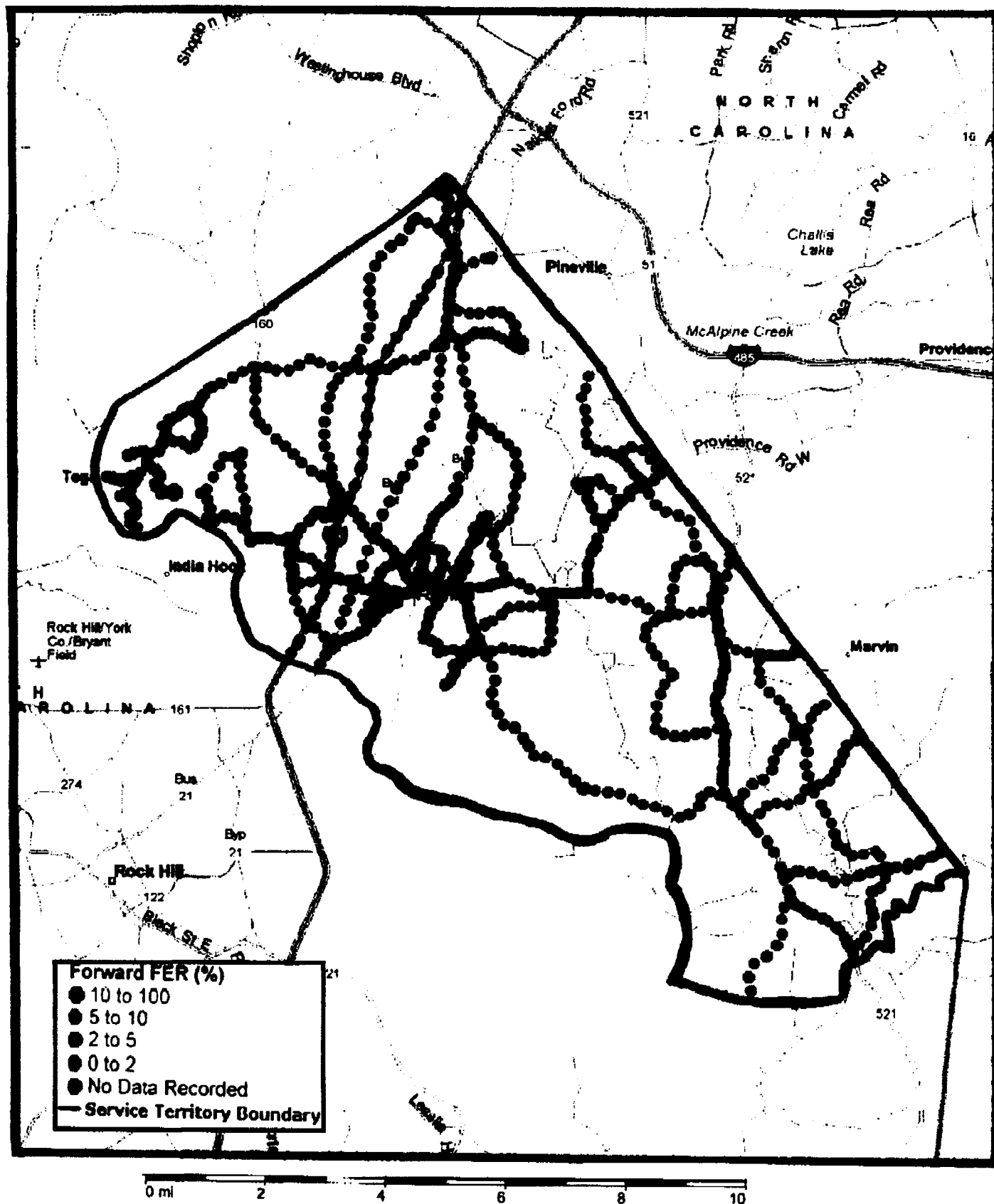




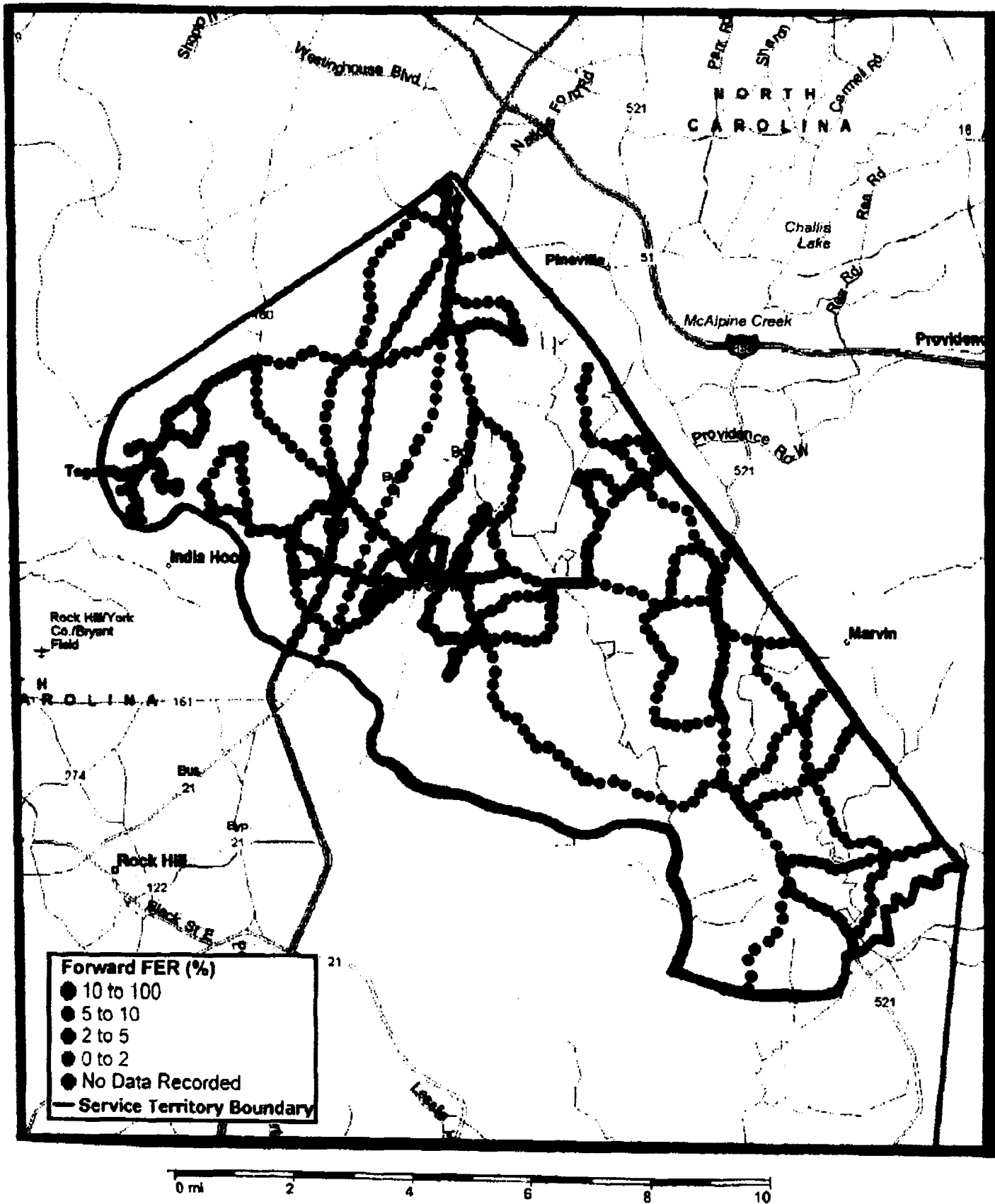
# Rock Hill- Verizon CDMA Forward FER (%)



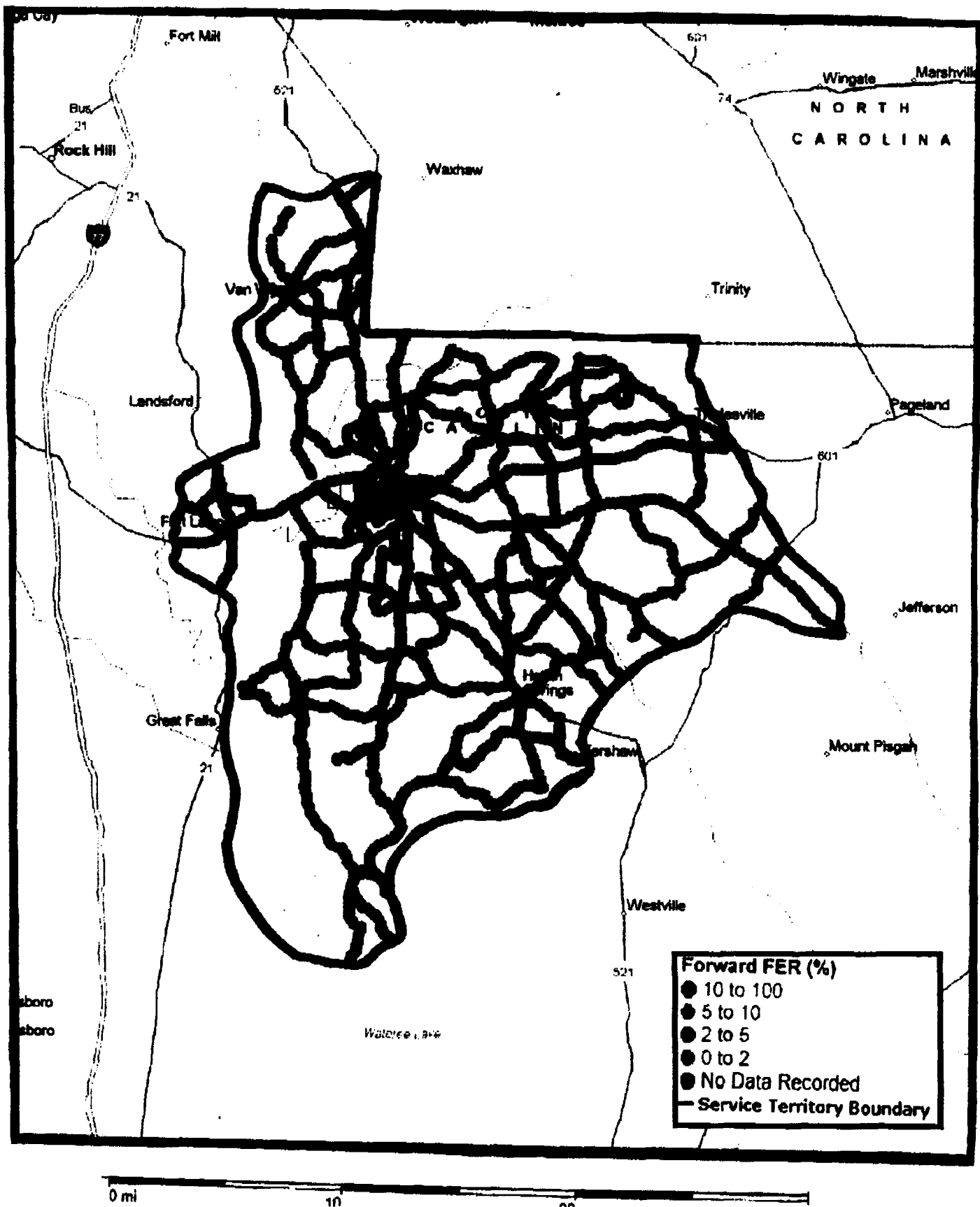
## Fort Mill- Alltel CDMA Forward FER (%)



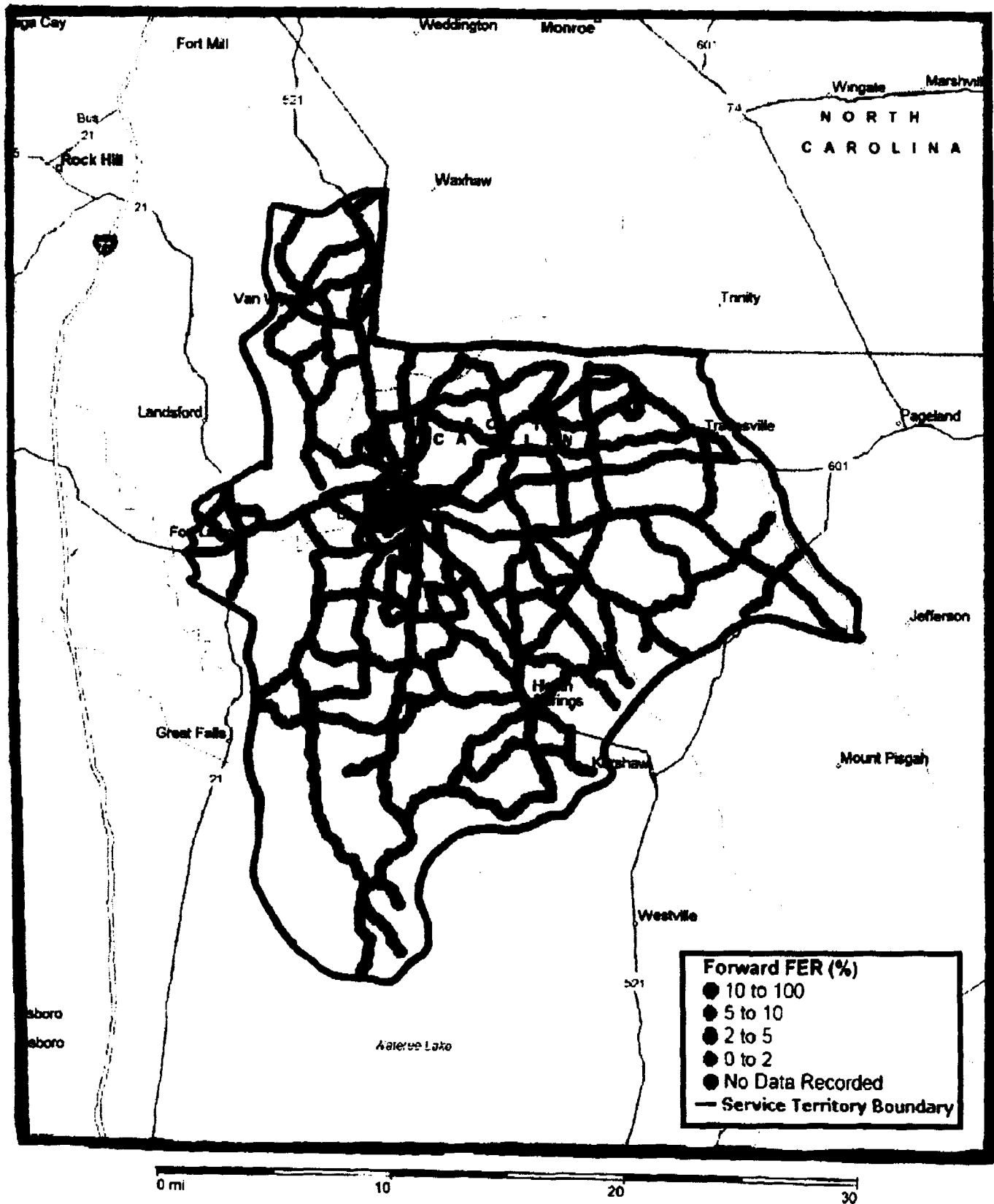
# Fort Mill- Verizon CDMA Forward FER (%)



# Lancaster- Airtel CDMA Forward FER (%)



# Lancaster- Verizon CDMA Forward FER(%)



**BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA**

**Docket No. 2008-326-C**

---

In Re: Application of Time Warner Cable Information	)
Services (South Carolina) LLC, d/b/a Time	)
Warner Cable to Amend its Certificate of Public	)
Convenience and Necessity to Provide	)
Telephone Services in the Service Area of	)
Fort Mill Telephone Company d/b/a Comporium	)
Communications and for Alternative Regulation	)

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**DIRECT TESTIMONY OF**

**WARREN R. FISCHER, C.P.A.**

**ON BEHALF OF**

**TIME WARNER CABLE INFORMATION SERVICES (SOUTH CAROLINA) LLC**

**EXHIBIT WRF-3**

**Cited Portions of Fort Mill's 2007 Telecommunications Company Annual Report**

# TELECOMMUNICATIONS COMPANY ANNUAL REPORT

OF

## Fort Mill Telephone Company dba Comporium Communications

Exact Legal Name of Respondent

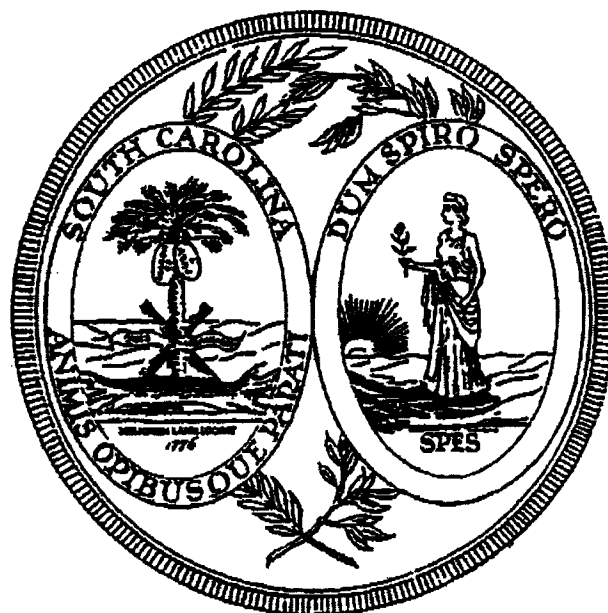
PSC/ORS Number (leave blank) \_\_\_\_\_

**FOR THE YEAR ENDED 2007**

☒ Calendar Year Ending December 31, 2007

or

☐ Fiscal Year Ending \_\_\_\_\_



**LOCAL EXCHANGE CARRIER ANNUAL REPORT**  
**Schedule #1- South Carolina Operating Revenue & Expenses**

Year Ending December 31, 2007

<u>Operating Revenues:</u>	<u>G/L Accounts</u>	<u>Combined</u>	<u>Intrastate</u>
Local Network Service Revenues		9,170,999	8,350,405
Network Access Service Revenues		9,209,095	9,209,095
Long Distance Revenues		188,735	190,051
Miscellaneous Revenues		539,517	132,695
Uncollectible Revenues		63,404	-
Total Revenues		19,044,942	17,882,246
<u>Operating Expenses:</u>			
Plant Specific Expenses		3,775,781	
Plant Nonspecific Expenses		5,653,407	
Customer Operations Expenses		2,819,311	
Corporate Operations Expenses		3,164,897	
Operating Taxes other than Income		615,651	
Operating Investment Tax Credits-Net			
Operating Taxes-Income-Current-Federal		1,179,000	
Operating Taxes-Income-Current-State		178,000	
Operating Taxes-Deferred Income-Net		(203,000)	
Total Operations Expenses		17,183,047	
Net Income from Operations		1,861,895	
Interest Income		384,727	
Nonoperating Income and Expenses		421,891	
Fixed Charges-(Other Than Interest on Debt)		35,346	
Interest Expense on Funded Debt			
Non-regulated Net Income		1,391,017	
Extraordinary Items			
Net Income		4,024,184	



**LOCAL EXCHANGE CARRIER ANNUAL REPORT**  
**Schedule #2- Balance Sheet**

Date of Balance Sheet: December 31, 2007

<u>Description</u>	<u>G/L Accounts</u>	<u>Balance at Close of Year</u>
<b><u>Current Assets</u></b>		
Cash		1,079,073
Temporary Investments		4,559,470
Telecommunications Accounts Receivables		2,168,165
Allowance for Bad Debts		(130,000)
Interest, Dividends & Other Accounts Receivable		953,043
Notes Receivable-Net		-
Materials & Supplies Inventory		39,553
Other Current Assets		
<b>Total Current Assets</b>		<b>8,669,304</b>
<b><u>Prepaid Accounts &amp; Deferred Charges</u></b>		
Prepays		263,947
Deferred Charges		564,031
<b>Total Prepaid Accounts &amp; Deferred Charges</b>		<b>827,978</b>
<b><u>Non-Current Assets</u></b>		
Investments in Affiliated Companies		9,208,016
Investment in Non-Affiliated Companies		
Non-Regulated Investments		5,096,731
Other Non-Current Assets		1,856,935
<b>Total Non-Current Assets</b>		<b>16,161,682</b>
<b><u>Telecommunications Plant</u></b>		
Telephone Plant in Service		68,442,179
Property Held for Future Use		
Telecommunications Plant under Construction		1,188,403
Telecommunications Plant Adjustment		

**Schedule #2- Balance Sheet-Continued**

<b>Description</b>	<b>G/L Accounts</b>	<b>Balance at Close of Year</b>
<b><u>Telecommunications Plant-Continued</u></b>		
Non-Operating Plant		
Goodwill		
<b>Total Plant</b>		<b>69,630,583</b>
<b>Depreciation Reserve-Plant</b>		<b>36,000,834</b>
<b>Depreciation Reserve-Other</b>		
<b>Total Depreciation Reserve</b>		<b>36,000,834</b>
<b>Net Telecommunications Plant</b>		<b>33,629,749</b>
<b>Total Assets</b>		<b>59,288,713</b>
<b><u>Current and Accrued Liabilities</u></b>		
<b>Accounts Payable</b>		<b>3,639,278</b>
<b>Notes Payable-Affiliated</b>		
<b>Advance Billings and Payments</b>		<b>611,373</b>
<b>Customer Deposits</b>		<b>43,752</b>
<b>Current Maturities-Long Term Debt</b>		
<b>Current Maturities-Capital Leases</b>		
<b>Income Taxes Accrued</b>		<b>-</b>
<b>Other Accrued Taxes</b>		<b>652,889</b>
<b>Other Accrued Liabilities</b>		<b>1,546,830</b>
<b>Other Current Liabilities</b>		
<b>Total Current and Accrued Liabilities</b>		<b>6,494,122</b>
<b><u>Other Liabilities and Deferred Credits</u></b>		
<b>Other Long Term Liabilities</b>		
<b>Premium on Long Term Debt</b>		
<b>Unamortized Operating Investment Tax Credits-Net</b>		

**Schedule #2- Balance Sheet-Continued**

<b>Description</b>	<b>G/L Accounts</b>	<b>Balance at Close of Year</b>
<b><u>Other Liabilities and Deferred Credits-Continued</u></b>		
Unamortized Nonoperating Investment Tax Credits-Net		
Other Deferred Credits		343,760
Net Current Deferred Operating Income Taxes		
Net Current Deferred Nonoperating Income Taxes		
Net Noncurrent Deferred Operating Income Taxes		(744,000)
Net Noncurrent Deferred Nonoperating Income Taxes		666,000
Other Jurisdictional Liabilities and Deferred Credits		
<b>Total Other Liabilities and Other Credits</b>		<b>265,760</b>
<b><u>Long Term Debt</u></b>		
Funded Debt		
Reacquired Debt		
Obligations Under Capital Leases		
Advances from Affiliated Companies		
Other Long Term Debt		
<b>Total Long Term Debt</b>		
<b>Total Liabilities</b>		<b>6,759,882</b>
<b><u>Stockholders Equity</u></b>		
Capital Stock		625,000
Additional Paid in Capital		1,002,066
Treasury Stock		
Other Capital		
Retained Earnings		50,901,765
<b>Total Stockholders Equity</b>		<b>52,528,831</b>
<b>Total Stockholders Equity and Liabilities</b>		<b>59,288,713</b>

**Schedule #3-Retained Earnings**

<b>Description</b>	<b>Debits</b>	<b>Credits</b>
<b>Retained Earnings Account</b>		
<b>Retained Earnings-Beginning of Year</b>		<b>55,670,394</b>
<b>Miscellaneous Debits to Retained Earnings</b>		
<b>Miscellaneous Credits to Retained Earnings</b>		
<b>Net Income or Loss From Operations</b>		<b>4,024,184</b>
<b>Retained Earnings-End of Year</b>		
<b>Appropriated Retained Earnings:</b>		
<b>Dividends Declared</b>	<b>8,480,313</b>	
<b>Other</b>	<b>312,500</b>	
<b>Unappropriated Retained Earnings:</b>		
<b>Jurisdictional Retained Earnings</b>		
<b>Other</b>		
<b>Retained Earnings-Total End of Year</b>		<b>50,901,765</b>

**Schedule #7- South Carolina Local Access Lines**

<b>Total Business</b>	<u>8,983</u>
<b>Total Residence</b>	<u>17,676</u>
<b>Total Lifeline Access Lines</b>	<u>246</u>
<b>Total Access Lines</b>	<u>26,905</u>
<b>Total Number of Customers</b>	<u>25,196</u>
<b>Total Wholesale Customers</b>	<u>0</u>
<b>Total Wholesale DSL Customers</b>	<u>Not Applicable</u>

**BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA**

**Docket No. 2008-326-C**

---

In Re: Application of Time Warner Cable Information	)
Services (South Carolina) LLC, d/b/a Time	)
Warner Cable to Amend its Certificate of Public	)
Convenience and Necessity to Provide	)
Telephone Services in the Service Area of	)
Fort Mill Telephone Company d/b/a Comporium	)
Communications and for Alternative Regulation	)

---

**DIRECT TESTIMONY OF**

**WARREN R. FISCHER, C.P.A.**

**ON BEHALF OF**

**TIME WARNER CABLE INFORMATION SERVICES (SOUTH CAROLINA) LLC**

**EXHIBIT WRF-4**

**Cited Portions of Fort Mill's 2003 Telecommunications Company Annual Report**



## Schedule #2 - Operating Revenue & Expenses

Year Ending December 31, 2003 or Fiscal Year Ending \_\_\_\_\_

		<u>Combined</u>	<u>Intrastate Gross Receipts</u>
<b>Operating Revenues:</b>			
Local Network Services Revenue	5001-5069	6,804,468	5,631,924
Network Access Service Revenues	5080	8,402,578	8,402,577
Long Distance Revenues	5100-5169	203,234	200,280
Miscellaneous Revenues	5230-5270	408,874	151,751
Uncollectible Revenues	5301-5302	1,500	0
<b>Total Revenues</b>		<b>15,817,654</b>	<b>14,386,532</b>
<b>Operating Expenses:</b>			
Plant Specific Expenses	6112-6410	3,128,371	
Plant Nonspecific Expenses	6560	4,620,486	
Customer Operations Expenses	6620	2,107,684	
Corporate Operations Expenses	6711-6790	1,943,703	
Operating Taxes other than Income	7240	520,031	
Operating Investment Tax Credits-Net	7210		
Operating Taxes-Income-Current-Federal	7220	1,060,000	
Operating Taxes-Income-Current-State	7230	197,000	
Operating Taxes-Deferred Income-Net	7250	81,000	
<b>Total Operatins Expenses</b>		<b>13,658,275</b>	
<b>Net income from Operations</b>		<b>2,159,379</b>	
Interest Income	7320	30,488	
Nonoperating Income and Expenses	7310-7450	167,556	
Fixed Charges-(Other Than Interest on Debt)	8540	17,134	
Interest Expense on Funded Debt	7510	0	
<b>Non-regulated Net income</b>	<b>7610-7991</b>	<b>1,934,197</b>	
<b>Net Income</b>		<b>4,274,486</b>	



### Schedule #3 - Balance sheet

Company Fort Mill Telephone Company

Date of Balance Sheet: December 31, 2003

#### Assets:

Balance at Beginning of Year	Description	Balance at Close of Year
	<b>Telecommunications Plant</b>	
41,931,180	Telephone Plant in Service	43,541,837
58,201	Property Held for Future Use	-
400,780	Telecommunications Plant under Construction	1,016,053
	Telecommunications Plant Adjustment	
	Non-Operating Plant	
	Goodwill	
42,390,161	Total Plant	44,557,890
23,096,254	Depreciation Reserve-Plant	25,485,356
	Depreciation Reserve-Other	
23,096,254	Total Depreciation Reserve	25,485,356
19,293,907	Net Telecommunications Plant	19,072,534
	<b>Non-Current Assets</b>	
6,659,731	Investments in Affiliated Companies	7,066,248
239,606	Investment in Non-Affiliated Companies	239,606
4,215,653	Non-Regulated Investments	4,390,311
1,178,440	Other Non-Current Assets	1,268,979
12,293,390	Total Non-Current Assets	12,965,144
	<b>Current Assets</b>	
1,299,608	Cash	305,468
3,584,597	Temporary Investments	7,759,040
960,984	Telecommunications Accounts Receivables	966,808
(70,000)	Allowance for Bad Debts	(70,000)

**Schedule #3 - Balance Sheet - Continued**

**Assets - Continued:**

<u>Balance at Beginning of Year</u>	<u>Description</u>	<u>Balance at Close of Year</u>
	<u>Current Assets - Continued</u>	
612,288	Interest, Dividends & Other Accounts Receivable	690,811
	Notes Receivable-Net	
664,475	Materials & Supplies Inventory	434,408
7,051,952	Total Current Assets	10,086,535
	<u>Prepaid Accounts &amp; Deferred Charges</u>	
246,777	Prepaid	172,203
66,684	Deferred charges	39,659
313,461	Total Prepaid Accounts & Deferred Charges	211,862
38,952,710	Total Assets	42,336,075
	<u>Stockholders Equity</u>	
312,500	Capital Stock	312,500
1,002,066	Additional Paid in Capital	1,002,066
	Treasury Stock	-
	Other Capital	
33,141,561	Retained Earnings	36,124,484
34,456,127	Total Stockholders Equity	37,439,050
	<u>Long Term Debt</u>	
-	Funded Debt	-
	Reacquired Debt	
	Obligations Under Capital Leases	
	Advances from Affiliated Companies	
	Other Long Term Debt	
-	Total Long Term Debt	-

**Schedule #3 - Balance Sheet - Continued**

**Equity and Liabilities - Continued:**

<u>Balance at Beginning of Year</u>	<u>Description</u>	<u>Balance at Close of Year</u>
	<u>Current and Accrued Liabilities</u>	
1,349,702	Accounts Payable	1,493,298
	Notes Payable	
231,322	Advance Billings and Payments	277,888
106,228	Customer Deposits	96,065
	Current Maturities - Long Term Debt	-
	Current Maturities - Capital Leases	
	Income Taxes Accrued	
494,510	Other Accrued Taxes	505,976
1,227,671	Other Accrued Liabilities	1,050,127
	Other Current Liabilities	
3,409,433	Total Current and Accrued Liabilities	3,423,354
	<u>Other Liabilities and Deferred Credits</u>	
	Other Long Term Liabilities	
	Premium on Long Term Debt	
	Unamortized Operating Investment Tax Credits-Net	
	Unamortized Nonoperating Investment Tax Credits - Net	
530,150	Other Deferred Credits	480,671
	Net Current Deferred Operating Income Taxes	
	Net Current Deferred Nonoperating Income Taxes	
(261,000)	Net Noncurrent Deferred Operating Income Taxes	(180,000)
818,000	Net Noncurrent Deferred Nonoperating Income Taxes	1,173,000
	Other Jurisdictional Liabilities and Deferred Credits	
1,087,150	Total Other Liabilities and Deferred Credits	1,473,671
4,496,583	Total Liabilities and Other Credits	4,897,025
38,952,710	Total Stockholders Equity and Liabilities	42,336,075

**Schedule #4 - Retained Earnings**

Description	Debits	Credits
Retained Earnings Account		
Retained Earnings - Beginning of Year		33,141,561
Miscellaneous Debits to Retained Earnings		
Miscellaneous Credits to Retained Earnings		
Net Income or Loss From Operations		4,274,486
Retained Earnings - End of Year		
Appropriated Retained Earnings:		
Dividends Declared	1,291,563	
Other		
Unappropriated Retained Earnings*		
Jurisdictional Retained Earnings		
Other		
Retained Earnings - Total End of Year		36,124,484

**SCHEDULE #8 - ACCESS LINES**

**Exchange**  
**Central Office**  
**Business**

Fort Mill		
All		

ONE- PARTY BASIC

TWO- PARTY BASIC

FOUR-PARTY BASIC

MEASURED SERVICE

MESSAGE

PUBLIC COIN

PUBLIC COINLESS

COCOT

PBX

CENTREX

FX

FEATURE GROUP A

OTHER IXC ACCESS

TOTAL ALL OTHER

TOTAL BUSINESS

7,055

**RESIDENCE**

ONE-PARTY BASIC

TWO PARTY BASIC

FOUR PARTY BASIC

MEASURED SERVICE

TOTAL ALL OTHER

TOTAL RESIDENCE

15,378

TOTAL ACCESS LINES

22,433

TOTAL NUMBER OF CUSTOMERS

21,428

**BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA**

**Docket No. 2008-326-C**

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In Re: Application of Time Warner Cable Information	)
Services (South Carolina) LLC, d/b/a Time	)
Warner Cable to Amend its Certificate of Public	)
Convenience and Necessity to Provide	)
Telephone Services in the Service Area of	)
Fort Mill Telephone Company d/b/a Comporium	)
Communications and for Alternative Regulation	)

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**DIRECT TESTIMONY OF**

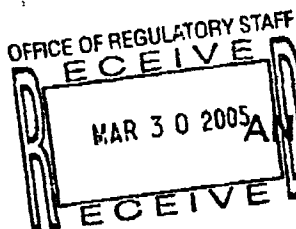
**WARREN R. FISCHER, C.P.A.**

**ON BEHALF OF**

**TIME WARNER CABLE INFORMATION SERVICES (SOUTH CAROLINA) LLC**

**EXHIBIT WRF-5**

**Cited Portions of Fort Mill's 2004 Telecommunications Company Annual Report**



PUBLIC SERVICE COMMISSION  
AND OFFICE OF REGULATORY STAFF

## ANNUAL REPORT

(Complete and Return with Annual Report)

☒ For Calendar Year Ending December 31, 2004

☐ For Fiscal Year Ending \_\_\_\_\_

### IDENTIFICATION (legal title)

PSC/ORS No. \_\_\_\_\_ (leave blank) Federal ID No. \_\_\_\_\_

Check/Date: ☐ Sole Proprietorship ☐ Partnership ☒ Corporation \_\_\_\_\_

Name of Company: Fort Mill Telephone Company

Doing Business As: Comporium Communications

Street Address: 200 Tom Hall Street

City Fort Mill State SC Zip Code 29716

Telephone No. (Include Area code) ( 803 ) 548-9011

### TYPE BUSINESS (CHECK ALL THAT APPLY)

<input type="checkbox"/> CLEC	<input type="checkbox"/> ELECTRIC	<input type="checkbox"/> WATER	<input type="checkbox"/> TAXI
<input checked="" type="checkbox"/> ILEC	<input type="checkbox"/> GAS	<input type="checkbox"/> WATER/SEWER	<input type="checkbox"/> LIMOUSINE
<input type="checkbox"/> IXC	<input type="checkbox"/> RAILROAD	<input type="checkbox"/> SEWERAGE	<input type="checkbox"/> SHUTTLE
<input type="checkbox"/> HOUSEHOLD GOODS	<input type="checkbox"/> HAZARDOUS WASTE		

### CONTACT (for purpose of this report)

Contact Name: Robert Morgan

Title: VP Accounting Telephone: (803 ) 326-6064

Email Address: rob.morgan@comporium.com Fax No. (803)326-7246

Name of Company Fort Mill Telephone Company

PSC/ORS No. \_\_\_\_\_ Annual Report Period December 31, 2004  
(leave blank)

MAILING ADDRESS (if different from above)

Mailing Address: PO Box 470

City: Rock Hill State SC Zip Code 29731

OFFICERS

President: Bryant G. Barnes

Vice President: L. Stephen Coffield

Secretary: E.L. Barnes

Treasurer: E.L. Barnes

General Manager: Glenn McFadden

CERTIFICATION

I hereby certify that the enclosed Annual Report was prepared by me or under my supervision, that I have examined it, and that the items herein reported on the basis of my knowledge are correctly shown.

Name: Robert Morgan Title: VP Accounting

Signature: *R Morgan* Date: 03-25-2005

RETURN COMPLETED FORM TO:

Public Service Commission of SC - P. O. Drawer 11649 - Columbia, SC 29211  
AND

Office of Regulatory Staff - P. O. Box 11263 - Columbia, SC 29211



**Schedule #2-Operating Revenue & Expenses**

**Year Ending December 31, 2004 or Fiscal Year Ending**

<b>Operating Revenues:</b>		<b>Combined</b>	<b>Intrastate Gross Receipts</b>
Local Network Services Revenue	5001-5069	6,944,066	5,912,366
Network Access Service Revenues	5080	8,661,341	8,661,343
Long Distance Revenues	5100-5169	182,531	181,631
Miscellaneous Revenues	5230-5270	410,717	144,306
Uncollectible Revenues	5301-5302	29,510	
<b>Total Revenues</b>		<b>16,169,145</b>	<b>14,899,646</b>
<b>Operating Expenses:</b>			
Plant Specific Expenses	6112-6410	2,986,955	
Plant Nonspecific Expenses	6560	4,788,971	
Customer Operations Expenses	6620	2,229,600	
Corporate Operations Expenses	6711-6790	2,268,483	
Operating Taxes other than Income	7240	499,950	
Operating Investment Tax Credits-Net	7210		
Operating Taxes-Income-Current-Federal	7220	847,000	
Operating Taxes-Income-Current-State	7230	128,000	
Operating Taxes-Deferred Income-Net	7250	324,000	
<b>Total Operations Expenses</b>		<b>14,072,959</b>	
<b>Net Income from Operations</b>		<b>2,096,186</b>	
Interest Income	7320	33,445	
Nonoperating Income and Expenses	7310-7450	(10,805)	
Fixed Charges-(Other Than Interest on Debt)	7540	8,066	
Interest Expense on Funded Debt	7510	0	
<b>Non-regulated Net Income</b>	<b>7610-7991</b>	<b>2,420,108</b>	
<b>Net Income</b>		<b>4,530,868</b>	

Schedule #3-Balance Sheet  
Company: Fort Mill Telephone Company  
Date of Balance Sheet: 12/31/2004

Assets:

<u>Balance at Beginning of Year</u>	<u>Description</u>	<u>Balance at Close of Year</u>
	<u>Telecommunications Plant</u>	
43,541,837	Telephone Plant in Service	45,636,128
0	Property Held for Future Use	0
1,016,053	Telecommunications Plant under Construction	492,223
0	Telecommunications Plant Adjustment	0
0	Non-Operating Plant	0
0	Goodwill	
44,557,890	Total Plant	46,128,351
25,485,356	Depreciation Reserve-Plant	27,320,552
0	Depreciation Reserve-Other	0
25,485,356	Total Depreciation Reserve	27,320,552
19,072,534	Net Telecommunications Plant	18,807,799
	<u>Non-Current Assets</u>	
7,066,248	Investments in Affiliated Companies	12,564,356
239,606	Investment in Non-Affiliated Companies	239,606
4,390,311	Non-Regulated Investments	4,543,002
1,268,979	Other Non-Current Assets	1,472,903
12,965,144	Total Non-Current Assets	18,819,867
	<u>Current Assets</u>	
305,468	Cash	295,788
7,759,040	Temporary Investments	5,568,535
966,808	Telecommunications Accounts Receivables	1,209,348
(70,000)	Allowance for Bad Debts	(70,000)

## Schedule #3-Balance Sheet-Continued

## Assets-Continued:

<u>Balance at Beginning of Year</u>	<u>Description</u>	<u>Balance at Close of Year</u>
	<u>Current Assets-Continued</u>	
690,811	Interest, Dividends & Other Accounts Receivable	409,218
	Notes Receivable-Net	
434,408	Materials & Supplies Inventory	490,577
10,086,535	Total Current Assets	7,903,466
	<u>Prepaid Accounts &amp; Deferred Charges</u>	
172,203	Prepays	170,492
39,659	Deferred Charges	52,194
211,862	Total Prepaid Accounts & Deferred Charges	222,686
42,336,075	Total Assets	45,753,818
	<u>Stockholders Equity</u>	
312,500	Capital Stock	312,500
1,002,066	Additional Paid in Capital	1,002,066
0	Treasury Stock	0
	Other Capital	0
36,124,484	Retained Earnings	39,067,852
37,439,050	Total Stockholders Equity	40,382,418
	<u>Long Term Debt</u>	
0	Funded Debt	0
0	Reacquired Debt	0
0	Obligations Under Capital Leases	0
0	Advances from Affiliated Companies	0
0	Other Long Term Debt	0

## Schedule #3-Balance Sheet-Continued

## Equity and Liabilities-Continued:

<u>Balance at Beginning of Year</u>	<u>Description</u>	<u>Balance at Close of Year</u>
	Total Long Term Debt	
	<u>Current and Accrued Liabilities</u>	
1,493,298	Accounts Payable	1,490,798
0	Notes Payable	0
277,888	Advance Billings and Payments	311,883
96,065	Customer Deposits	91,515
0	Current Maturities-Long Term Debt	0
0	Current Maturities-Capital Leases	0
	Income Taxes Accrued	0
505,976	Other Accrued Taxes	537,701
1,050,127	Other Accrued Liabilities	1,253,986
0	Other Current Liabilities	0
3,423,354	Total Current and Accrued Liabilities	3,685,883
	<u>Other Liabilities and Deferred Credits</u>	
0	Other Long Term Liabilities	0
0	Premium on Long Term Debt	0
0	Unamortized Operating Investment Tax Credits-Net	0
0	Unamortized Nonoperating Investment Tax Credits-Net	0
480,671	Other Deferred Credits	215,517
0	Net Current Deferred Operating Income Taxes	0
0	Net Current Deferred Nonoperating Income Taxes	0
(180,000)	Net Noncurrent Deferred Operating Income Taxes	147,000
1,173,000	Net Noncurrent Deferred Nonoperating Income Taxes	1,323,000
0	Other Jurisdictional Liabilities and Deferred Credits	0

Schedule #3-Balance Sheet-Continued

Equity and Liabilities-Continued:

<u>Balance at Beginning of Year</u>	<u>Description</u>	<u>Balance at Close of Year</u>
1,473,671	Total Other Liabilities and Deferred Credits	1,685,517
4,897,025	Total Liabilities and Other Credits	5,371,400
42,336,075	Total Stockholders Equity and Liabilities	45,753,818

**Schedule #4-Retained Earnings**

<b>Description</b>	<b>Debits</b>	<b>Credits</b>
<b>Retained Earnings Account</b>		<b>36,124,484</b>
<b>Retained Earnings-Beginning of Year</b>		
<b>Miscellaneous Debits to Retained Earnings</b>		
<b>Miscellaneous Credits to Retained Earnings</b>		
<b>Net Income or Loss From Operations</b>		<b>4,530,868</b>
<b>Retained Earnings-End of Year</b>		
<b>Appropriated Retained Earnings:</b>		
<b>Dividends Declared</b>	<b>1,587,500</b>	
<b>Other</b>		
<b>Unappropriated Retained Earnings:</b>		
<b>Jurisdictional Retained Earnings</b>		
<b>Other</b>		
<b>Retained Earnings-Total End of Year</b>		<b>39,067,852</b>



**BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA**

**Docket No. 2008-326-C**

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In Re: Application of Time Warner Cable Information	)
Services (South Carolina) LLC, d/b/a Time	)
Warner Cable to Amend its Certificate of Public	)
Convenience and Necessity to Provide	)
Telephone Services in the Service Area of	)
Fort Mill Telephone Company d/b/a Comporium	)
Communications and for Alternative Regulation	)

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**DIRECT TESTIMONY OF**

**WARREN R. FISCHER, C.P.A.**

**ON BEHALF OF**

**TIME WARNER CABLE INFORMATION SERVICES (SOUTH CAROLINA) LLC**

**EXHIBIT WRF-6**

**Cited Portions of Fort Mill's 2005 Telecommunications Company Annual Report**



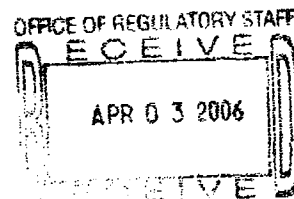
# TELECOMMUNICATIONS COMPANY ANNUAL REPORT

OF

## Fort Mill Telephone Company dba Comporium Communications

Exact Legal Name of Respondent

\_\_\_\_\_  
PSC/ORS Number (leave blank)

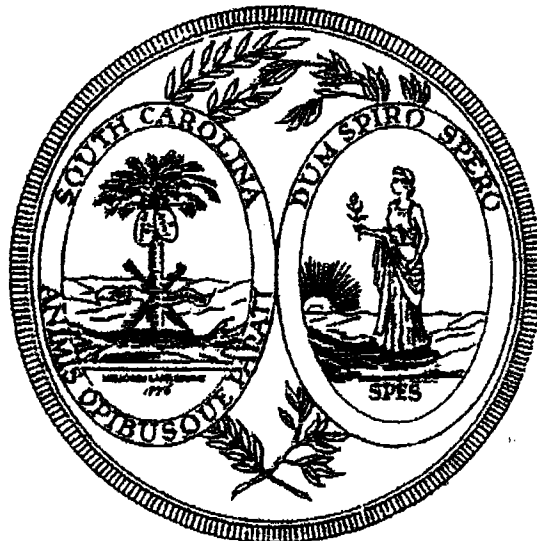


**FOR THE YEAR ENDED 2005**

☒ Calendar Year Ending December 31, 2005

or

☐ Fiscal Year Ending \_\_\_\_\_



**LOCAL EXCHANGE CARRIER ANNUAL REPORT**  
**Schedule #1-Operating Revenue & Expenses**

Year Ending December 31, 2005

<u>Operating Revenues:</u>	<u>Uniform System of Accounts</u>	<u>G/L Accounts</u>	<u>Combined</u>	<u>Intrastate</u>
Local Network Service Revenues	5001-5069		7,267,967	6,409,471
Network Access Service Revenues	5080		7,582,888	7,582,888
Long Distance Revenues	5100-5169		197,204	197,131
Miscellaneous Revenues	5230-5270		413,496	119,814
Uncollectible Revenues	5301-5302		(39,458)	0
<b>Total Revenues</b>			<b>15,422,097</b>	<b>14,309,304</b>
<u>Operating Expenses:</u>				
Plant Specific Expenses	6112-6410		3,202,618	0
Plant Nonspecific Expenses	6560		4,847,042	0
Customer Operations Expenses	6620		2,354,037	0
Corporate Operations Expenses	6711-6790		2,238,812	0
Operating Taxes other than Income	7240		528,871	0
Operating Investment Tax Credits-Net	7210		0	0
Operating Taxes-Income-Current-Federal	7220		1,068,000	0
Operating Taxes-Income-Current-State	7230		161,000	0
Operating Taxes-Deferred Income-Net	7260		(368,000)	0
<b>Total Operations Expenses</b>			<b>14,032,380</b>	<b>0</b>
<b>Net Income from Operations</b>			<b>1,389,717</b>	<b>0</b>
Interest Income	7320		127,933	0
Nonoperating Income and Expenses	7310-7450		789,571	0
Fixed Charges-(Other Than Interest on Debt)			2,817	0
Interest Expense on Funded Debt	7510		0	0
<b>Non-regulated Net Income</b>	<b>7610-7991</b>		<b>1,695,790</b>	<b>0</b>
Extraordinary Items			0	0
<b>Net Income</b>			<b>4,000,194</b>	<b>0</b>

**LOCAL EXCHANGE CARRIER ANNUAL REPORT**  
**Schedule #2- Balance Sheet**

Date of Balance Sheet: December 31, 2005

<u>Description</u>	<u>G/L Accounts</u>	<u>Balance at Close of Year</u>
<b><u>Current Assets</u></b>		
Cash		566,321
Temporary Investments		6,853,684
Telecommunications Accounts Receivables		1,613,879
Allowance for Bad Debts		(75,000)
Interest, Dividends & Other Accounts Receivable		572,148
Notes Receivable-Net		0
Materials & Supplies Inventory		36,062
Other Current Assets		0
<b>Total Current Assets</b>		<b>9,567,094</b>
<b><u>Prepaid Accounts &amp; Deferred Charges</u></b>		
Prepays		143,496
Deferred Charges		58,406
<b>Total Prepaid Accounts &amp; Deferred Charges</b>		<b>201,902</b>
<b><u>Non-Current Assets</u></b>		
Investments in Affiliated Companies		12,687,387
Investment in Non-Affiliated Companies		239,606
Non-Regulated Investments		4,383,013
Other Non-Current Assets		1,538,074
<b>Total Non-Current Assets</b>		<b>18,848,080</b>
<b><u>Telecommunications Plant</u></b>		
Telephone Plant in Service		50,151,352
Property Held for Future Use		0
Telecommunications Plant under Construction		774,932
Telecommunications Plant Adjustment		0

**Schedule #2- Balance Sheet-Continued**

<u>Description</u>	<u>G/L Accounts</u>	<u>Balance at Close of Year</u>
<b><u>Telecommunications Plant-Continued</u></b>		
Non-Operating Plant		0
Goodwill		0
Total Plant		50,926,284
Depreciation Reserve-Plant		30,241,950
Depreciation Reserve-Other		0
Total Depreciation Reserve		30,241,950
Net Telecommunications Plant		20,684,334
Total Assets		49,301,410
<b><u>Current and Accrued Liabilities</u></b>		
Accounts Payable		2,315,995
Notes Payable-Affiliated		0
Advance Billings and Payments		378,197
Customer Deposits		74,894
Current Maturities-Long Term Debt		0
Current Maturities-Capital Leases		0
Income Taxes Accrued		1,085,818
Other Accrued Taxes		558,704
Other Accrued Liabilities		1,202,277
Other Current Liabilities		0
Total Current and Accrued Liabilities		5,815,885
<b><u>Other Liabilities and Deferred Credits</u></b>		
Other Long Term Liabilities		0
Premium on Long Term Debt		0
Unamortized Operating Investment Tax Credits-Net		0

**Schedule #2- Balance Sheet-Continued**

<u>Description</u>	<u>G/L Accounts</u>	<u>Balance at Close of Year</u>
<b><u>Other Liabilities and Deferred Credits-Continued</u></b>		
Unamortized Nonoperating Investment Tax Credits-Net		0
Other Deferred Credits		194,913
Net Current Deferred Operating Income Taxes		0
Net Current Deferred Nonoperating Income Taxes		0
Net Noncurrent Deferred Operating Income Taxes		(221,000)
Net Noncurrent Deferred Nonoperating Income Taxes		1,134,000
Other Jurisdictional Liabilities and Deferred Credits		0
<b>Total Other Liabilities and Other Credits</b>		<b>1,107,913</b>
<b><u>Long Term Debt</u></b>		
Funded Debt		0
Reacquired Debt		0
Obligations Under Capital Leases		0
Advances from Affiliated Companies		0
Other Long Term Debt		0
<b>Total Long Term Debt</b>		<b>0</b>
<b>Total Liabilities</b>		<b>6,723,798</b>
<b><u>Stockholders Equity</u></b>		
Capital Stock		312,500
Additional Paid in Capital		1,002,066
Treasury Stock		0
Other Capital		0
Retained Earnings		41,263,046
<b>Total Stockholders Equity</b>		<b>42,577,612</b>
<b>Total Stockholders Equity and Liabilities</b>		<b>49,301,410</b>

**Schedule #3-Retained Earnings**

<b>Description</b>	<b>Debits</b>	<b>Credits</b>
<b>Retained Earnings Account</b>		<b>39,067,852</b>
<b>Retained Earnings-Beginning of Year</b>		
<b>Miscellaneous Debits to Retained Earnings</b>		
<b>Miscellaneous Credits to Retained Earnings</b>		
<b>Net Income or Loss From Operations</b>		<b>4,000,194</b>
<b>Retained Earnings-End of Year</b>		
<b>Appropriated Retained Earnings:</b>		
<b>Dividends Decleared</b>	<b>1,805,000</b>	
<b>Other</b>		
<b>Unappropriated Retained Earnings:</b>		
<b>Jurisdictional Retained Earnings</b>		
<b>Other</b>		
<b>Retained Earnings-Total End of Year</b>		<b>41,263,046</b>

**Schedule #7-Access Lines**

<b>Total Business</b>	<u>7,810</u>
<b>Total Residence</b>	<u>16,200</u>
<b>Total Access Lines</b>	<u>24,010</u>
<b>Total Number of Customers</b>	<u>22,693</u>
<b>Total Wholesale Customers</b>	<u>4</u>
<b>Total Wholesale DSL Customers</b>	<u>0</u>

**BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA**

**Docket No. 2008-326-C**

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In Re: Application of Time Warner Cable Information	)
Services (South Carolina) LLC, d/b/a Time	)
Warner Cable to Amend its Certificate of Public	)
Convenience and Necessity to Provide	)
Telephone Services in the Service Area of	)
Fort Mill Telephone Company d/b/a Comporium	)
Communications and for Alternative Regulation	)

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**DIRECT TESTIMONY OF  
WARREN R. FISCHER, C.P.A.**

**ON BEHALF OF  
TIME WARNER CABLE INFORMATION SERVICES (SOUTH CAROLINA) LLC**

**EXHIBIT WRF-7  
Cited Portions of Fort Mill's 2006 Telecommunications Company Annual Report**



**TELECOMMUNICATIONS  
COMPANY ANNUAL REPORT**

**OF**

**Fort Mill Telephone Company dba**

**Comporium Communications**

**Exact Legal Name of Respondent**

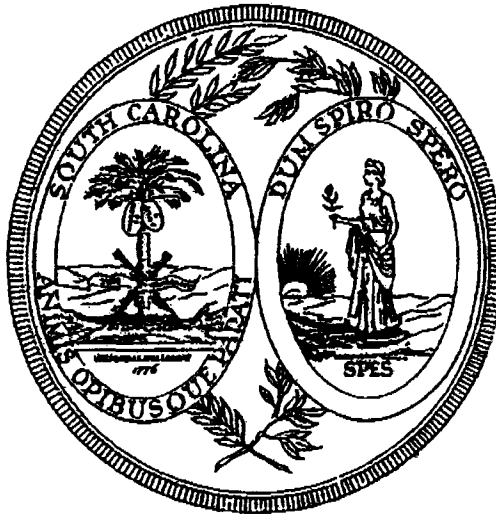
**PSC/ORS Number (leave blank)**

**FOR THE YEAR ENDED 2006**

☒ Calendar Year Ending December 31, 2006

or

☐ Fiscal Year Ending \_\_\_\_\_



**LOCAL EXCHANGE CARRIER ANNUAL REPORT**  
**Schedule #1-Operating Revenue & Expenses**

**Year Ending December 31, 2006**

<b>Operating Revenues:</b>	<b>Uniform System of Accounts</b>	<b>G/L Accounts</b>	<b>Combined</b>	<b>Intrastate</b>
Local Network Service Revenues	5001-5069		8,005,057	7,184,928
Network Access Service Revenues	5080		8,221,879	8,221,879
Long Distance Revenues	5100-5169		225,695	225,951
Miscellaneous Revenues	5230-5270		446,891	132,241
Uncollectible Revenues	5301-5302		(62,850)	0
<b>Total Revenues</b>			<b>16,836,672</b>	<b>15,764,999</b>
<b>Operating Expenses:</b>				
Plant Specific Expenses	6112-6410		3,601,845	
Plant Nonspecific Expenses	6560		4,979,104	
Customer Operations Expenses	6620		2,345,788	
Corporate Operations Expenses	6711-6790		2,654,122	
Operating Taxes other than Income	7240		490,402	
Operating Investment Tax Credits-Net	7210			
Operating Taxes-Income-Current-Federal	7220		1,198,000	
Operating Taxes-Income-Current-State	7230		180,000	
Operating Taxes-Deferred Income-Net	7250		(320,000)	
<b>Total Operations Expenses</b>			<b>15,129,261</b>	
<b>Net Income from Operations</b>			<b>1,707,411</b>	
Interest Income	7320		861,686	
Nonoperating Income and Expenses	7310-7450		12,306,181	
Fixed Charges-(Other Than Interest on Debt)			2,641	
Interest Expense on Funded Debt	7510			
<b>Non-regulated Net Income</b>	<b>7610-7991</b>		<b>1,439,085</b>	
Extraordinary Items				
<b>Net Income</b>			<b>16,311,722</b>	

**LOCAL EXCHANGE CARRIER ANNUAL REPORT**  
**Schedule #2- Balance Sheet**

Date of Balance Sheet: December 31, 2006

Description	G/L Accounts	Balance at Close of Year
<b>Current Assets</b>		
Cash		3,487,006
Temporary Investments		15,299,595
Telecommunications Accounts Receivables		1,973,760
Allowance for Bad Debts		(100,000)
Interest, Dividends & Other Accounts Receivable		862,999
Notes Receivable-Net		-
Materials & Supplies Inventory		50,429
Other Current Assets		
<b>Total Current Assets</b>		<b>21,573,789</b>
<b>Prepaid Accounts &amp; Deferred Charges</b>		
Prepays		119,466
Deferred Charges		282,992
<b>Total Prepaid Accounts &amp; Deferred Charges</b>		<b>402,458</b>
<b>Non-Current Assets</b>		
Investments in Affiliated Companies		8,827,662
Investment in Non-Affiliated Companies		-
Non-Regulated Investments		5,084,028
Other Non-Current Assets		1,737,595
<b>Total Non-Current Assets</b>		<b>15,649,285</b>
<b>Telecommunications Plant</b>		
Telephone Plant in Service		58,276,794
Property Held for Future Use		-
Telecommunications Plant under Construction		964,580
Telecommunications Plant Adjustment		

**Schedule #2- Balance Sheet-Continued**

<u>Description</u>	<u>G/L Accounts</u>	<u>Balance at Close of Year</u>
<b><u>Telecommunications Plant-Continued</u></b>		
Non-Operating Plant		
Goodwill		
Total Plant		59,241,374
Depreciation Reserve-Plant		32,932,108
Depreciation Reserve-Other		
Total Depreciation Reserve		32,932,108
Net Telecommunications Plant		26,309,266
Total Assets		63,934,798
<b><u>Current and Accrued Liabilities</u></b>		
Accounts Payable		3,676,859
Notes Payable-Affiliated		-
Advance Billings and Payments		485,444
Customer Deposits		57,047
Current Maturities-Long Term Debt		
Current Maturities-Capital Leases		
Income Taxes Accrued		451,425
Other Accrued Taxes		530,406
Other Accrued Liabilities		1,230,575
Other Current Liabilities		
Total Current and Accrued Liabilities		6,431,756
<b><u>Other Liabilities and Deferred Credits</u></b>		
Other Long Term Liabilities		
Premium on Long Term Debt		
Unamortized Operating Investment Tax Credits-Net		

Schedule #2- Balance Sheet-Continued

<u>Description</u>	<u>G/L Accounts</u>	<u>Balance at Close of Year</u>
<b>Other Liabilities and Deferred Credits-Continued</b>		
Unamortized Nonoperating Investment Tax Credits-Net		
Other Deferred Credits		296,083
Net Current Deferred Operating Income Taxes		
Net Current Deferred Nonoperating Income Taxes		
Net Noncurrent Deferred Operating Income Taxes		(541,000)
Net Noncurrent Deferred Nonoperating Income Taxes		763,000
Other Jurisdictional Liabilities and Deferred Credits		
Total Other Liabilities and Other Credits		518,083
<b>Long Term Debt</b>		
Funded Debt		
Reacquired Debt		
Obligations Under Capital Leases		
Advances from Affiliated Companies		
Other Long Term Debt		
Total Long Term Debt		0
Total Liabilities		6,949,839
<b>Stockholders Equity</b>		
Capital Stock		312,500
Additional Paid in Capital		1,002,066
Treasury Stock		
Other Capital		
Retained Earnings		55,670,393
Total Stockholders Equity		56,984,959
Total Stockholders Equity and Liabilities		63,934,798

**Schedule #3-Retained Earnings**

<b>Description</b>	<b>Debits</b>	<b>Credits</b>
<b>Retained Earnings Account</b>		
<b>Retained Earnings-Beginning of Year</b>		<b>41,263,046</b>
<b>Miscellaneous Debits to Retained Earnings</b>		
<b>Miscellaneous Credits to Retained Earnings</b>		
<b>Net Income or Loss From Operations</b>		<b>16,311,722</b>
<b>Retained Earnings-End of Year</b>		
<b>Appropriated Retained Earnings:</b>		
<b>Dividends Declared</b>	<b>1,904,375</b>	
<b>Other</b>		
<b>Unappropriated Retained Earnings:</b>		
<b>Jurisdictional Retained Earnings</b>		
<b>Other</b>		
<b>Retained Earnings-Total End of Year</b>		<b>55,670,393</b>

**Schedule #7-Access Lines**

<b>Total Business</b>	<u>8,315</u>
<b>Total Residence</b>	<u>16,947</u>
<b>Total Access Lines</b>	<u>25,262</u>
<b>Total Number of Customers</b>	<u>23,785</u>
<b>Total Wholesale Customers</b>	<u>3</u>
<b>Total Wholesale DSL Customers</b>	<u>0</u>